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## **East Europe**

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# East Europe

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## **BZNS-United Program Defines Goals, Policies**

92BA1169A Sofia ZEMEDELSCO ZNAME  
in Bulgarian 17 Jun 92 pp 1-4

[Program Declaration of the Bulgarian National Agrarian Union-United (BZNS-United): "For the Renovation of Agrarian Ideas and the Agrarian Union, and for the Salvation of Mother Bulgaria"]

[Text] The process of democratization in Bulgaria, which began at the end of 1989, is increasingly intensifying and covering all aspects of the sociopolitical and spiritual life of Bulgarian society. At the same time, the rights and freedoms of the citizens are becoming increasingly broad, and ideological and political pluralism is becoming increasingly strong. These new realities have raised qualitatively new requirements concerning all political parties and organizations and put on trial their ideological positions and potential opportunities.

All of this created conditions for the true revival of the Agrarian Union as one of the most original Bulgarian political formations, which saw its first day at the dawn of the 20th century, based on the logic of Bulgarian political creativity, without duplicating or emulating other political forces in the country or abroad. It is precisely this that upholds our pride that the Bulgarian National Agrarian Union is the most Bulgarian political organization—one that has left a vivid and ineradicable trace in Bulgaria's latest history.

For nearly 100 years, the Union has remained loyal to its basic democratic nature, its consistent fidelity to national interests, and its profoundly national reformist spirit. It has remained loyal to its rich democratic traditions of always being loyal to the interests and aspirations of the working people.

The program objectives and principles of our organization have always been imbued with political realism and practical sobriety and have been consistent with the aspirations of the broadest possible social strata and have met, to the highest extent, the requirements of our national originality. Regardless of the political situation, the generations will never forget the outstanding page that was written in the national chronicles by the independent rule of the Agrarian Union, headed by the immortal Aleksandur Stamboliyski, who, with his original political creativity, proved the vitality and the permanent value of the agrarian ideas. That is why, during the difficult times experienced now by Bulgaria, we are confident that we can worthily take, once again, the fate of the fatherland into our own hands and meet the challenges of this historical moment, with our inherent earthy wisdom and perspicacity.

Along with the revival of the agrarian ideas, we clearly realize that the new sociopolitical realities in the country demand not simply a reinterpretation of some of the universally recognized principles of the Agrarian Union and their updating and further logical development and

enrichment. That is why the main objectives of this programmatic declaration are the following:

- To define the basic trends for renovation of the ideological-political platform and the organizational life of the Bulgarian National Agrarian Union-United [BZNS-United].
- To indicate the main emphasis in the Union's policies.
- To clearly earmark the place of our organization in the political stage of contemporary Bulgaria.

### **I. On Democracy and the Social Base of the Agrarian Union**

Having embodied the spirit of revival of the people and having defended repeatedly and through sacrifices the values of true democracy, the Agrarian Union, during the conversion from totalitarianism to democracy, will consistently and inflexibly defend the material and spiritual interests of the Bulgarian people and develop as a political formation accessible to all citizens.

The democratic nature of the Agrarian Union was embodied in the principles of our organization, which were adopted at its 15th Congress, in 1919. They are the product of the profound thought of Aleksandur Stamboliyski, who synthesized with impeccable accuracy the ideological quests of the architects of an agrarian union. Today we can proudly say that the principles of our organization outstripped in terms of their universal significance European political thinking and outlined the shape of the social state as understood by the advanced countries today.

That is why, under contemporary conditions, the BZNS-United possesses all the necessary prerequisites for asserting itself as a nationwide democratic party that defends the foundations and truths of Bulgarian democracy. This is an entirely independent political formation actively participating in sociopolitical life and displaying a courageous intolerance of social shortcomings. The Agrarian Union functions with activities that are fully open to the public, and with broad opportunities for the formation of coalitions and fruitful cooperation with other sociopolitical forces.

Loyal to its democratic nature, the Agrarian Union:

- Systematically defends an antifascist, anticommunist, and antitotalitarian policy.
- Accepts democracy and the constitutional-parliamentary form of rule as the only true way leading to the building of a civil society and a law-governed state.
- Categorically supports the Republic and considers that any attempts at restoring the monarchy are alien to the basic interests of the entire nation.
- Commits itself to provide all the necessary conditions for the protection and guaranteeing of the rights and dignity of every individual, regardless of political or other convictions or differences in terms of nationality, social origin, sex, language, religion, or material,



social, or any other status, and to ensure respect for the rights and freedoms of the other citizens and for public order, morality, and aspiration to general prosperity.

- Defends the right to private labor ownership in all areas of social activity.
- Supports the self-government of townships and other territorial units by securing for them the necessary budget funds through a flexible taxation policy.
- Asserts the right of freedom of thought, conscience, and religion.
- Supports cooperativism as a form for creating material and spiritual goods through the unification of effort and creative potential of the people and for the development of a feeling of cohesion, responsibility, and humaneness.
- Accepts the concept that the cooperative effort must encompass all aspects and levels of the social structure and become the dominant feature in the nature of the Bulgarian state.
- Considers social partnership a necessary and emphatically important element of democracy. This is particularly necessary during this time of upheaval experienced by our country.
- Acknowledges the right to public protest and the right of the citizens to strike against political, economic, and social injustices in life, within the framework of the law.
- Supports the General Agrarian Trade Union (OZPS) and will cooperate in the comprehensive development of its activities.
- Upholds the link between the land and the people as the best attitude toward the earth and the future of mankind.
- Works for a highly developed agriculture, for the utilization of the resources of the earth in accordance with nature and the interests of the state and the present and future generations. On such a solid foundation, the BZNS-United shall systematically dedicate its efforts to ensure the viability of the Bulgarian countryside and the vigorous development of the material and spiritual life of its population.
- Contributes to the implementation of a constructive, balanced, and pragmatic foreign policy, which would assert our national dignity and contribute to the development of active, good-neighborly, friendly, and comprehensive ties between Bulgaria and other countries in the Balkans, in Europe, and throughout the world. Regardless of the breakdown of the Soviet system, for us the development and significance of traditional Bulgarian-Russian relations is a lasting factor.
- Works for attaining a national consensus on matters of foreign policy and the security of the state, and in the resolution of ethnic problems.
- Encourages internal stability, defense of the territorial integrity of the country and the inviolability of state borders, relying above all on a professionally trained and sufficiently technically equipped Bulgarian military.

The BZNS-United will systematically defend its fundamental principles. At the same time, it will further develop and enrich them in accordance with the topical problems and requirements of social development. Loyal to its dynamic nature, the Agrarian Union will also structure its policy by adopting new principles related to its democratic philosophy.

The democratic nature of the Agrarian Union is convincingly manifested in its comprehensive activities and its organizational structure. By reinterpreting the narrowly stratified principle of membership and by accepting the fact that its ranks can essentially be joined by any honest and consistent supporter of democracy, we are supporting and further developing the democratic principles of our organization in practice.

Democracy, from top to bottom, is an irreplaceable value and a strong foundation of the Agrarian Union. The comprehensive electiveness of all Union leaders, the supremacy of the vote, combined with the possibility of any member to support his own views, the inadmissibility of actions that are outside the limits set by the Constitution and the laws of the country, and the development of local agrarian party groups exclusively based on place of residence are only some of the steadfastly followed principles in the structure and activities of our almost 100-year-old organization.

The organizational democracy of the Agrarian Union is a natural rejection of the Bolshevik "democratic centralism," of bureaucratism, and of the issuing of ready-made solutions "from above." It consists of the firm support of the following:

- Election of Union leadership, with alternative candidates, and the steady renovation of management through the introduction of the mandate principle.
- Total publicity and collectivism, combined with personal responsibility of Union leadership.
- The possibility granted exclusively to agrarian groups to accept and expel members.
- A guarantee of the existence of internal ideological pluralism.

The local agrarian societies, which Aleksandur Stamboliyski himself defined as true "democratic nests," are a particular concern of the Union. They must actively engage in organizational, educational, and propaganda work. They must discuss, consider, and introduce the development of a variety of initiatives in the interests of the population in the settlements. Agrarian clubs must be open to all—young and old, sympathizers and opponents. It is thus that conditions will be created for the United Agrarians to promote from their ranks authoritative leaders on the regional and national levels, as well as future leaders of the state.

The autonomy of the local and township agrarian groups must be manifested also in their search for efficient ways of self-financing.

Only thus can they develop as true associations of like-minded people, and of competent, moral, and free individuals.

The assertion and development of democratic principles, combined with loyalty to the permanent values of the agrarian ideas, and with the militant implacability of the Union members and their leadership and the full and consistently defended independence of the organization from all other political formations will shape the new image of the BZNS-United, which will be attractive to the entire public.

This objective is difficult but worthy and attainable. Its implementation is possible, in practice, because the Agrarian Union is an organization with a deep national base and great potential and still unrealized opportunities, rich democratic traditions, and a strong social base.

The totalitarian system caused severe damage to the structure of Bulgarian society that is difficult to repair. The forced moving of large social groups from country to town, the self-seeking industrialization at all costs, and the coerced cooperativization, as well as many other factors, bled the peasantry white and misshaped the nature of a number of other social population strata, thus considerably narrowing the social base of the Agrarian Union.

The Agrarian Union looks soberly at the many-faceted and unstructured social picture of Bulgarian society and accepts the fact that no political formation today can clearly and categorically determine what precisely are the social strata that define its membership and electoral structure. Despite all of this, it is logical to accept that, under the new circumstances, the social base of the BZNS-United will become increasingly broad.

On the basis of its ideological and moral specifics, it is linked primarily to the land and the village. However, it has been and will remain open to all other social strata within the political formation: farmers, workers, craftsmen, merchants, intellectuals, and white-collar workers, and to anyone who cares for the truths of Bulgarian democracy.

The future of the Agrarian Union is the following: an organization of owners, of active, enterprising, and moral individuals belonging to all social strata. This is the so-called middle class, which is the backbone of all developed democracies and which is yet to be established in Bulgaria.

The Agrarian Union will continue to support its position concerning ownership and labor because they are the foundation of the well-being, dignity, culture, and progress of mankind and society.

Taking into consideration the need for the immediate and successful implementation of the agrarian reform, for a radical change in the economic base of society, and for the effective protection of average and petty owners,

of the socially weak, children, young people, and families, we shall broaden our social base as we seek an ever-greater audience for our ideology and politics.

## II. Basic Trends of Union Policy

Today Bulgaria is facing a change in its system, under the conditions of political confrontation, intolerance, national instability, lawlessness and passiveness of state institutions, economic dislocation and escalating poverty, demographic catastrophe, and an alarming lack of spirituality.

The historical truth is that the Agrarian Union has never remained an impartial observer during days of national trials. Our bitter experience proves that changing the system and correcting the dislocation require immediate and radical legislative and administrative activity.

### For a Consistent National Policy

Since liberation, Bulgaria has experienced several national tragedies. However, it was only once, after World War I, that it found the true way to lead the country out of the catastrophe. This was the merit and historical accomplishment of the independent governments of the Agrarian Union between 1920 and 1923.

A major political error today would be to try to rediscover some elementary truths outside our history, using ready-made foreign prescriptions or seeking aid from the outside. Unlike some other political forces, we do not intend to "discover" the elements of democracy and parliamentarianism, human rights, and Christian virtues.

In these difficult times, our national wealth lies in the persistence, industriousness, and wisdom of the people and their rich traditions in building the state, our central location in the Balkans and Europe, and our good intentions and openness to the values of contemporary civilization.

Imbedded in the road leading to the salvation of Bulgaria are the original agrarian ideas, and our prime duty is to work with dedication for their assertion within society and the state.

In formulating its tasks against this background, the Agrarian Union:

- Will submit radical solutions for getting out of the catastrophe.
- Will back any step taken by the state institutions along this road.

### For the Radical Democratization of Economic Life, Based on the Principles of a Market Economy and the Priority Development of Agriculture

Economic restructuring is the decisive factor in accelerating the process of democratization of society and the definitive elimination of the totalitarian system and the

full involvement of the country with developed democracies in Europe and throughout the world. The building of a contemporary economy and the resolution of grave social problems are impossible without the implementation of a radical economic reform and without a radical restructuring of ownership relations. It is only such an economic policy that can most fully respond to the interests of BZNS-United members and sympathizers and the supreme national interests.

The salvation of Bulgaria can be achieved through the accelerated development of a regulated, socially oriented, and mixed market economy, and the creation of a society consisting of prosperous average and small owners. The application of market principles in economic life does not exclude but, conversely, presumes the use of a broad system of measures for economic protection and state assistance (through taxes, interest rates, customs fees, production quotas, and minimal protectionist purchase prices), the development of the sectors whose successful revival will determine, to the greatest extent, the resolution of the economic crisis afflicting our country.

In our view, the successful implementation of the economic reform, particularly of its first stage, requires the following:

- Accelerating "minor privatization," with the help of well-organized and publicized public auctions; the sale of industrial and commercial projects to their present labor collectives under conditions favorable to them (extended payment, reduced prices).
- Restoring citizens' ownership, improperly confiscated through the laws of nationalization and other forms of coerced condemnation applied by the totalitarian regime. The BZNS-United, however, will insist that restitution take place with guaranteed restrictions and social corrections concerning large-scale ownership, so that it will not lead to an intensification of the economic crisis in the country. Private real estate that was confiscated for public needs (museums, theaters, health institutions, kindergartens, and so forth) must not be subject to restitution, but previous owners should be fairly compensated.
- Denationalizing and gradually privatizing large-scale state property, with the possible participation of foreign capital and the use of stock and cooperative forms of economic association. Given the tangible impoverishment of the population, "major privatization" should take place also through investment bonds and other suitable forms of participation by the working people. Privatization must become a lever for technological renovation and enhancement of the quality of national production and for the application of modern methods in its organization and management. Privatization must take place gradually; public ownership of production assets must be retained by forming corporations and must predominate in the areas of the power industry, the extraction of natural resources, the heavy chemical industry, metallurgy, large-scale machine building, the defense industry,

railroad transportation, roads, communications, health care, and cultural institutions.

- Making a market-based reassessment of policy in the area of industry. Developing a system of small and medium-sized enterprises operating on a high technical level and capable of rapidly orienting themselves toward the domestic and foreign markets and ensuring the opening of new jobs.
- Making the priority development of agriculture, light industry, the food-processing industry, tourism, and the service industries a priority.
- Appropriating a significant portion of the established privatization fund for the development of agrarian production and for resolving social problems of villages and small towns.
- Supporting by all possible means the revival and strengthening of cooperatives in the various areas of economic life. Restoring the cooperative ownership, which was coercively statified in the past, to its true owners and in its real dimensions or, should this prove to be impossible, providing suitable fair compensation.
- Engaging in a systematic struggle against speculation and parasitical enrichment, in all of their varieties.
- Developing and applying a program for delaying and gradually ending the growth of foreign indebtedness.
- Broadly opening and involving our economic life in the world's economic processes.

The BZNS-United firmly opposes the administration of economic life by issuing directives, as has been the case so far. However, it also opposes economic anarchy and intends to work for strengthening indirect state control over the market economy and the gradual reduction of direct state interference in the economy by:

- Passing a law setting sensible limits of direct state participation in controlling negative phenomena in a market economy and normalizing economic activities.
- Developing a regulatory mechanism of market infrastructure—budgetary, tax, customs, and foreign currency and other financial levers of economic influence.

The primary problems of the economic reform are reviving the production process, putting an end to its decline, and mastering unemployment and inflation.

The BZNS-United believes that a resolution of the profound economic crisis should take place not through a policy of curtailing production and limiting population needs but through their sensible stimulation, using the well-known instruments of taxation, monetary policy, income policy, and foreign economic policy, and the rapid development of suitable legal and economic conditions for an economic revival.

The BZNS-United is deeply convinced that the solution of the economic and social crisis is possible only through

the accelerated priority development of Bulgarian traditional sectors: agriculture, light industry, food processing, and tourism. They alone can pull the national economy out of the mire of shortages in the fastest manner, to guarantee the feeding of people, jobs, and tranquillity for tens and hundreds of thousands of unemployed people, and to provide goods for export and foreign exchange to meet the most urgent needs.

The Agrarian Union is in favor of a new legislative system, new economic levers, and a new sociopsychological climate. It is able to suggest all of the necessary laws for the overall regulation of land relations that would guarantee the accelerated and consistent development of the agrarian reform and the development of the Bulgarian countryside.

The radical agrarian reform must be aimed at:

- Immediately restoring ownership of farmland and accelerating the process of obtaining land, cattle, and farm tools.
- Applying a simplified procedure for giving land to farmers who have either little or no land, and providing state support for their activities.
- Developing highly profitable private farms with the help of the specialized assistance of the state and the global financial community.
- Ensuring the revival, organizational strengthening, and development of traditional Bulgarian farm cooperatives of private farmers, enriching their content and forms of manifestation—as production, consumer, supply, credit-savings, and other types of cooperatives.
- Introducing minimum protective purchase prices for a certain range of basic farm products, thus truly protecting the interests of producers.
- Creating a special state foreign exchange fund to provide loans and insurance and to guarantee the export of farm goods and imports of the necessary equipment, materials, fertilizers, and chemicals.
- Establishing controlled prices for agricultural machinery, fuels, fertilizers, and preparations for plant and veterinary protection.
- Exempting farmers from taxation for five-year periods.
- Providing loans at easier conditions for capital investments and working capital.
- Developing new insurance legislation that would truly and fully cover losses suffered by farmers.
- Developing a mixed economy in the villages, with the help of foreign capital and with equal participation of all forms of ownership both within and outside the area.
- Redirecting significant production facilities into the manufacturing of equipment, fertilizers, and chemicals needed by agriculture.
- Accelerating technological renovation and the restructuring of production capacities in light industry and food processing. Building small and medium-sized processing enterprises, closely integrated with agricultural producers.
- Creating a developed veterinary care system through state and private forms of organization.
- Ensuring free secondary agricultural training and developing a national system for the training and retraining of farm workers, and broadening the network of vocational schools.
- Accelerating development of a modern infrastructure in the countryside and, particularly, in health care, and providing farm workers with goods, services, and contemporary consumer and recreation facilities.

The implementation of the radical agrarian reform should be combined with a purposeful ecological policy and based on several fundamental principles:

- Harmonizing the interrelationship of society and nature on the basis of an environmentally oriented public production and conversion from a nature-destructive to a nature-protective economic system.
- Making a real assessment of the impact on nature of existing production capacities in industry and, particularly, in the power industry, and implementing programs for making the production processes sensitive to environmental concerns, and, if necessary, closing down production facilities.
- Guaranteeing the preservation of the land from soil erosion, salinization, and the introduction of toxic substances in the soil, and from the excessive use of chemicals in agriculture.
- Providing a mandatory ecological evaluation of each project in the construction of an industrial enterprise, power plant, highway, artificial reservoir, and so forth by experts; in the case of major projects that threaten nature, holding discussions in the mass media.
- Passing radical ecological legislation with individual criminal and administrative liability for perpetrators of ecological crimes and violations.
- Developing a national system for ecological control and guaranteeing objectivity and openness of information on the condition of the air, water, soil, and agricultural goods, and possible adverse consequences to human health or nature.
- Promoting extensive ecological awareness of the population and a specialized educational program in the schools.

The BZNS-United well understands that there are no easy problems in agriculture and in the Bulgarian countryside, and no easy answers or ready-made prescriptions for their fast resolution. Persistent efforts are needed to study and control them, and significant funds are required for their resolution. However, let us not forget the old wisdom: "A rich village means a rich country." Even today, this wisdom sounds relevant, makes us think, and demands solutions. Its implementation deserves the efforts of all united agrarians, of the entire nation.

#### For Reliable Social Guarantees

The Agrarian Union will continue to support the principles of social justice. Under the difficult conditions of a



change in the system and of economic dislocation, we shall struggle to provide real social protection for the weakest social strata—the retired, the disabled, the sick, and single people—in accordance with the requirements of the European Social Charter. This is not an obligation exclusively of the state but of society as a whole.

Today, more than at any other time, we need comprehensive social guarantees to ensure each member of society the right to work without restrictions or social tension.

The catastrophic demographic status of the Bulgarian nation imperatively demands the immediate formulation of special legislative protection for young families, families with several children, and young people. The Agrarian Union opposes any kind of privileges, with a single exception: Children must grow up in healthy Bulgarian families.

It is high time for parliament to pass a law on a health-insurance system that would guarantee every citizen in town and country highly skilled medical and dental aid. Such a system must absolutely include pharmaceutical supplies.

The Agrarian Union favors the restoration of pension funds and their separation from the state. We shall defend the right of every pensioner to a pension consistent with his skills and labor seniority.

Resolving the grave educational problems of students is of major social significance. We defend the right to free secondary and higher education in state schools and accessible education in private and foreign schools under state control. Steps must be taken to ensure a practical orientation in training and the creation of professional models for young people. The Agrarian Union will work for the development of a system of specialists in secondary schools and universities, in accordance with projections on the development of the country's economy.

### **Bulgaria Is Our Common and Indivisible Fatherland**

The success of the reforms in the economic and social areas depends to a decisive extent on achieving a national consensus. It is not a question of achieving several more percentage points by any given force, with a view to staying in power, but of achieving a national consensus on the ways and means of coming out of the swamp of dislocations! The Agrarian Union will defend this great truth.

We insist that parliament and the government submit to the nation a specific program for the implementation of a reform that would have the support of political forces, trade unions, and the broadest possible public.

The Agrarian Union favors reaching a single view by the main political forces on problems of national policy, based on agreements reached within the framework of

the United Nations, the Conference on Security and Cooperation in Europe, and the Council of Europe.

To us, the national question is the historical destiny of the Bulgarian people and Bulgarian statehood. Its resolution must not be influenced by party or group interests. Bulgaria is the common and indivisible fatherland of all!

The position held by the Agrarian Union on existing ethnic, religious, and other social differences is seen in its defense of the equal rights and freedoms of all citizens, as guaranteed by the Constitution and the laws of the country, without any discrimination whatsoever; its application of the UN principle of equality toward all countries and their citizens in the social, economic, and commercial areas; its inadmissibility of foreign interference in the resolution of domestic ethnic issues, guaranteeing reciprocal treatment of Bulgarian minority groups in foreign countries; and so on.

The existence of political organizations based on ethnic or religious grounds, as well as organizations threatening the integrity and governmental structure of the Republic of Bulgaria in direct violation of the Constitution and the laws of the country, is absolutely inadmissible!

### **III. On the Place of the Agrarian Union on the Political Stage**

The place of the Agrarian Union on the Bulgarian map does not depend on time or petty political biases in our postliberation history.

The principle of popular rule is our profound tie to the people and Bulgarian statehood. That is why, historically, the Agrarian Union cannot be separated from the destinies of mother Bulgaria! It does not have the right to retreat from its profound ethnic roots and democratic foundations, either today or at any other time! They are the most solid guarantee of the future of our organization, and they predetermine our policy, which is truly national and democratic!

We made a number of mistakes in the period of change after 1989, and the worst of them was the continuing division of agrarian forces. The cruel economic and social realities of the present, the state institutions paralyzed as a result of a dualist political rule, and the destruction of the foundations of the nation are a direct consequence of the absence of a sensible and democratically balanced force, such as the United Agrarian Union! Only united can we assume our suitable place on the Bulgarian political stage.

This is an imperative of the agrarian organization and our first and most important task. History will not forgive those who place themselves above the interests of the Agrarian Union and of Bulgaria!

The 1990 and 1991 elections and the presidential elections proved the need for a third force, for a real and powerful alternative to the bipolar political confrontation.

The Agrarian Union will either fill this political vacuum or will simply be replaced by other political forces. Such is the realistic nature of the question of the future of our organization.

The milestones of this path that will save the Union are: unifying agrarian forces, broadening the social base and developing the democratic principles of the organization, protecting the interests of the broadest possible circles of people in the process of economic reform, supporting permanent national interests, and engaging in a political structure for the assertion of democracy in Bulgaria!

As we understand it, democracy cannot be the monopoly of any political force! It must be proved through the uncompromising position assumed by the governing and opposition groups and the daily activities of political leaders and statesmen, aimed at the salvation of Bulgaria.

The Agrarian Union firmly supports the view that all problems must be resolved exclusively and only by democratic means! In this connection, we are greatly concerned and alarmed by some legislative solutions and intentions of the parliament. In that sense, the confiscation of Union property is an anticonstitutional act that must be immediately rescinded!

We are particularly concerned by some amendments made in the law on the land and the law on cooperatives, as well as the draft laws calling for the abolition of the law on the people's court, arguments against the results of the September 1946 referendum, intentions concerning the restoration of the monarchy, and so on. Our assessment is that such steps harm the lasting interests of the nation and the state.

We shall firmly struggle against any attempts at the restoration of the totalitarian ways and means of yesterday and shall defend our developing democracy. We favor the unification of all democratic groups in the country, and we state that in no case will the BZNS-United allow, in any form, any cooperation with the BSP [Bulgarian Socialist Party] or its variations.

The Agrarian Union reminds everyone of the great political responsibility of all political forces in and outside of parliament and calls for the display of reason.

This will determine the fate and the future of Bulgaria!

### Chances for Creation of Middle Class Viewed

92BA1049A Sofia 168 CHASA in Bulgarian  
2 Jun 92 p 23

[Article by Karmelita Deneva: "The Politicians Will Turn Us Into Bolivians"]

[Text] *All hope of creating a middle class of Bulgarian owners is vanishing, the experts claim.*

Today only 1 percent of the nation has reached its economic and political peak. The forecast, according to some, is that it will be reached by 4 percent of our compatriots. According to others, it will be 7-8 percent, and still others think it will be no more than 10 percent. In other words, what is lying ahead of us is a Latin American kind of development. Obviously, the model is not Chile, which is a country that has shown remarkable economic growth in recent years, but, rather, Bolivia, with its hyperinflation and eternal poverty.

About 60 percent of the nation—the intelligentsia, the technocrats, the peasants, and the white- and blue-collar workers—were able to develop good skills under the previous regime. They acquired a certain level of literacy and cultivated a certain initiative-mindedness that today would be useful as starting capital. The question is whether such people will be given an opportunity or will be abandoned in a state of hopelessness. In the West, the middle class accounts for 80 percent of the nation; in the United States, only 20 percent are hired labor, while the rest have their own businesses—that is, they own personal property and the means of production, and have positions and influence in society.

According to Stefan Gaytandzhiev of the Bulgarian Democratic Center, "Until recently, the criterion for who was a member of the middle class was who had consumed how much. Today the landowners in our country may be considered the embryo of a middle class, provided they can not only feed themselves and their families, but also invest what they have extracted from the land. This also applies to the owners of built-up areas. The changes in the law on the land not only strongly undermine agriculture but will also delay for many years the creation of small farms and private cooperatives. The parceling out of the land cannot be efficient, and it will take years until the land is consolidated on the basis of private ownership. Leasing will become widespread, but no one at present intends to draft such a law. The only sensible solution to such hopelessness is protectionism by the state, which has been extended for quite some time in countries with modern agriculture. However, our state has no such intention. On the other hand, the law on privatization, which will certainly be passed inasmuch as it was drafted by the parliamentary majority, will concentrate ownership in the hands of a few people who are part of the power system and the executive authorities. Therefore, it will work in favor of the high officials in the administrative structures. The auctioning of state property will be prepared, carried out, and managed by the state, and such auctions could very easily be manipulated and controlled, so that the managers would have the final say.

"However, I do not believe that the barriers erected to prevent the creation of a middle class are a deliberate policy of those in power. It is rather a side effect of protecting the interests of a handful of former owners and some people close to the authorities. This will no longer be a question of the pitiful selling of some

tractors, seeders, and other agricultural equipment, but a real fight for tasty morsels of state property. The privatization law does provide for preferences to be given to workers in enterprises. The truth, however, is that most of them operate already amortized and worn-out assets, and the privatization bonds will actually bring nothing to their owners other than the illusion that they are petty owners—and on paper only. Few will acquire part of a plant that would be profitable because we have few plants equipped with modern technology.”

The specialists among the opposition frequently stress that the monetary policy of the government has actually melted away the savings of the average Bulgarian, that the final blow they have been dealt has eliminated one of the last remaining possibilities for the creation of an urban middle class, and that neither with foreign investments nor political exhortations, which is what the rulers resort to, will a new class appear. They recommend a lightning encouragement of private entrepreneurs, who should be given tax and other benefits for at least the first five years of work.

According to some experts, we have missed the opportunity to create a middle class in Bulgaria quickly and on an organized basis, using the achievements of the state economy, combined with the entrepreneurial spirit of the private owner. Human capital has been wasted, and the economic structures that shaped and supported it have been destroyed.

According to Plamen Georgiev, a marketing specialist, “The Bulgarian middle class is not an economic but rather a political issue because the leaders are actually obstructing prosperity and should legitimately withdraw. Technocrats and businessmen should assume executive power, although they may be inexperienced in organizing meetings and engaging in state shenanigans. If a little oxygen is fed to the embryonic middle class, that class will take care of itself. It will look for leaders and forms of participation in politics in order to influence economics because the only thing the new regime can offer it today is to sell it out cheaply to foreign companies in Bulgaria because Bulgarian companies of sufficient power will not develop soon. Actually, the idea of a middle class, which is so necessary in reality and so

demagogically proclaimed in the electoral platform of the rulers, is already turning into a fiasco.”

The bankruptcy of the Bulgarian state in its totalitarian variant is something that virtually no one mentions openly. Given this situation, the opportunity lies in starting, above all, in the area of the economy. The opinion of Gancho Ganev and Chavdar Nikolov, members of the Independent Studies Group, is that “unless Bulgaria does what was done in Spain after Franco and does not adopt the concept of ‘total amnesia,’ forgetting the past and starting anew with the forces of the entire nation, it is certain that our future will have nothing in common with European standards and criteria. It is most likely that not a Latin American dictatorship but a long period of mimicry of Latin American democracy will follow. This form of manifestation is essentially a mafia type, with a fine and very tightly protected high stratum and the common people, who cope as best they can regardless of laws or civilization.

“To avoid such a very likely development, we must find a way to put an end to the destructive mechanisms within a society that has proved it believes any political charlatan who shows up. Our nation is not yet ripe for democracy, which is why it finds it difficult to chart its way through the steady flow of economic and political lies. The sensible and pragmatic people must wage a struggle to win over public opinion. We tend to believe that the greatest betrayer of the nation and its interests is the nation itself because two years have already passed, and it is still not able to even rally round a common economic idea that would give the majority of Bulgarians an opportunity. We reject the idea of a conspiracy of Turks, Americans, and so on. We also believe that there are no rational grounds for optimism in Bulgaria, that the grounds are rather irrational. Therefore, if there is a God, he should interfere in Bulgarian affairs.”

Experts are forecasting a sharp increase in tension by the end of summer and in the fall. This will not be the result of a power crisis but of a change in public opinion. At that point, in their view, two regimes may have a chance: the one that will have a big and long stick, and the second, which will come up with a strong economic idea acceptable to the majority of the nation.

### **Hungarian Official on Minority Rights in Slovakia**

*AU3107090892 Bratislava NARODNA OBRODA in Slovak 23 Jul 92 p 4*

[TK SR report: "We Want 'Educational, Cultural, and Partial Territorial Autonomy'"]

[Text] Vienna—If the Hungarian ethnic minority's rights are not respected in an independent Slovakia, representatives from this minority will be compelled to ask the Hungarian Government for assistance from international organizations. Janos Fothy, a member of the Hungarian Christian Democratic Movement [MKDH] Presidium and a Slovak National Council deputy, made this statement yesterday in an interview for the Austrian Press Agency [APA].

In his opinion, the MKDH is not casting doubts on Slovakia's territorial integrity. "However, we consider ourselves to be an organic element of the Hungarian nation, whether linguistically or culturally. The Slovak-Hungarian border is not an ethnic border," added Janos Fothy.

If the rights of ethnic minorities are not guaranteed, the MKDH will consider intervening in the European parliament and the CSCE and, as the case may be, will try to ensure that recognition of Slovakia's independence by the international community is delayed. "We will protest, that is our duty and our mandate from our voters," said the MKDH Presidium member in his interview for APA.

The MKDH is demanding "educational, cultural, and partial territorial autonomy" for its compatriots in South Slovakia. The MKDH politician cited the status of the German minority in South Tirol as a model for resolving ethnic minority issues. Fothy emphasized that his party has no links with the Hungarian Government. It only has links with "certain Hungarian Christian parties that are members of the Budapest governing coalition."

### **Duray Views Sovereignty, Rejects Border Revision**

*92CH0804A Bratislava VASARNAP in Hungarian 17 Jul 92 p 3*

[Interview with Miklos Duray, president of the Coexistence Political Movement, by Peter Miklosi; date and place not given: "Time Trap; It Will Be Our Homeland That Will Give Us Strength in Facing Our Problems"]

[Text] [Miklosi] It just so happens that our conversation will be published on 17 July 1992, precisely on the day when, at the initiative of the "apolitical" Matica Slovenska, the proclamation of Slovakia's sovereignty will be celebrated with bonfires and the ringing of bells. Mr. Duray, as a Prague Federal Assembly representative and president of the Coexistence Political Movement [EPM],

do you think of this ominous proclamation as Slovakia's intention to become sovereign or just to become autonomous?

[Duray] Basically, I think it is a manifestation of autonomy, for independence is a quite different legal status. However, the question is, in what way a proclamation of sovereignty would affect Czechoslovakia's political law in which the legal authority of both the Czech and the Slovak Governments, and the sphere of authority of the legislation of both member republics are defined in the Constitution that is in effect to begin with.... Staying with Slovakia's example, if people here cannot be content with the limited sovereignty provided by the Constitution, then a mere proclamation will make no difference. On the other hand, if they can, then it makes no sense to further strengthen it with a proclamation—or, all this suggests a political intention that goes significantly beyond the original meaning of sovereignty. Of course, in such a situation, one must look at sovereignty, discussed at the Slovak National Council, not merely from the aspect of autonomy, but see it as a milestone on the road leading to independence.

[Miklosi] Thus, the question is then obvious, how will all this affect the Magyars living in this region.

[Duray] I think that an awareness that the acceptance of the proclamation of sovereignty is the first, almost unequivocal, manifestation of the intention of the parties and movements, which came to power at the last elections, to introduce the independent Slovak constitution that they have already announced, would not hurt. This is a springboard from which even an independent Slovak state can be attainable with a jump arching about six months. At the same time, looking at the other side of the coin, one must also know that state independence does not depend on the mere decision of certain citizen groups to consider the given structure, within a constitutionally defined area, as independent and an international legal entity. Obviously, what matters is never this but rather the decision of both the neighboring countries and the strongest nations of the various continents, i.e., in plain language, the standpoint of the international community of states.

[Miklosi] Since you mentioned the second free parliamentary elections that followed the restructuring, let me ask what your feelings were on 7 June 1992, the evening the results were made public, as you sat—although not alone in front of the TV cameras but, in view of the style of the debate, alone indeed—with Milan Knazko, champion for Slovakia's international legal entity who, in the meantime, has become vice president of the Slovak Government and is also responsible for minority affairs?

[Duray] Frankly, my impressions were not good, but these feelings were elicited by the studio environment that surrounded Bela Bugar and myself. The fact is that Milan Knazko was a decisive element in creating that atmosphere. My feeling was that he was playing a role; after all, that is his profession. But I also felt that he



hardly read his script related to those things on which he expressed his opinion and that, consequently, he was uninitiatedly improvising. He would have appeared much more professional otherwise.

[Miklosi] It is well known that Milan Knazko belongs to the more radical, national wing of the Movement for a Democratic Slovakia. Mr. Duray, in your opinion, can even a detailed list of the practical symptoms of these endeavors be made?

[Duray] The newly emerging, somewhat arrogant, nationalisms are so different that a theoretical discussion about them would lead nowhere. Instead, it is perhaps sufficient to reach back only to the events of recent weeks which are easier to remember. In this connection, I would call attention that, here and now, Slovak nationalism is both sincere and insincere at the same time.... It is sincere in that the last elections decided to give power in Slovakia to those forces that are active in a national spirit. However, Slovakia's nationalistic leaders and the politicians in various posts are not at all as sincere. For the intention of secession and of achieving an independent Slovakia always lurk behind their intentions; despite this, they interpret words and make statements that create the feeling that they are either unprepared professionally or are purposefully creating a confusion of terms in Slovakia. As if they would consciously say something that is contradictory to what they think or do. For instance, Vladimir Meciar keeps repeating vehemently that he wants to preserve the federation but then he keeps talking about a confederation! And he does this despite the fact that political experts explained to him on innumerable occasions that confederation means nothing but a loose alliance between independent states. In order for Bohemia and Slovakia to create a confederation, both have to become independent. However, Vladimir Meciar keeps denying that his endeavor is an independent Slovak state. True, Jan Carnogursky also made similar statements, i.e., that Slovakia wanted to join an integrated Europe as an independent legal subject, with its own chair and little star but, thanks to his intellect, he chose other means for this that were much more acceptable to the outside world.

[Miklosi] This is when one says, one is tweedledum and the other is tweedledee.... And the traveling reporter can add his own question: Do you, too, agree with the concern of the Magyars living in Felvidek ["Upper Country"—northern Hungary until 1990, now Slovakia] that we are merely chessmen in a gigantic chess game which, in essence, is reminiscent of that of the post-Trianon times?

[Duray] Such impressions of the Magyars living there can hardly be accidental. If we look back at post-World War I history, then we can see that we were never in a better situation even in the past. We can say this—with the exception of the spring of 1938 when, in seeing the country's unresolved nationality problems and other critical predicaments, Benes et al. offered autonomy to the Magyars. That was the only instance during the past

decades that something was offered that would have improved our situation. Such a thing did not happen to us either before or after that, unfortunately not even during the post-1989 phase of restructuring. On the contrary, in essence, they deprived us of even some of those rights which—because of the political situation—were guaranteed by the communist regime.

[Miklosi] Mr. President, could you expand on your statement that you just made?

[Duray] Of course, for I have three related arguments. The most important one is the language law, i.e., the situations that have arisen since its legislation. The second injustice which we suffered was the constitutional charter on human and liberty rights which, in essence, returned to the pre-1968 period and which falls way behind the international mentality of the past decade, primarily that of the late 1980s. Indeed, the clauses of the above-mentioned constitutional charter that deal with minorities are hardly in harmony with the Europe Council's October 1989 recommendations. The third series of spirit-polluting issues is connected to the financial laws of restitutions and rehabilitations in which, in essence, the spirit of the period of disfranchisement between 1945 and 1948 was revived and, thus, it is disadvantageous primarily for Magyars and Germans. These three circumstances, or items if you like, have put such a burden on the internal policies of the past two years that even most of the positive steps are chillingly overshadowed.

[Miklosi] I think that you will not deny, though, that the intention of creating an operational democracy did exist in the two-and-a-half years that followed the 1989 turn. At the same time, one can hardly say the same of the present Slovak Government or the Pozsony [Bratislava] parliament. Precisely because I am aware of this contradiction, let me inquire about what you think as president of the EPM: will the Magyars in Slovakia be relieved of the stigma of collective guilt?

[Duray] I both hope and believe so, indeed, I am confident that this will happen in my lifetime.... And, my opinion of the first half of your question is that the administration that resigned after the last elections really wanted to legislate financial laws that would help radical reforms and the establishment of a market economy, and we supported these endeavors both in the Prague and the Pozsony legislations. It is just as undebatable that they also urged for laws that would serve the creation of a few fundamental elements of civil society. On the other hand, the above-mentioned third "item" emits such a chilling breeze that numerous other intentions, which may seem positive, become questionable. For the "trend" in true democracies is not to come to half-solutions but to openly face the past. Such attempts can already be detected in Bohemia. In the professional magazine STREDNI EVROPA and in the related professional circles, one can openly say, for instance, that it was in 1945, and not on 25 February 1948, when

totalism began in Czechoslovakia. This is the kind of sincerity that I find exemplary.

[Miklosi] Just as the Magyar voters, 70 percent of whom voted for the coalition of the MKDH [Hungarian-Christian Democratic Movement], the EPM, and the Hungarian People's Party in the 1992 elections, expect the same sincerity on your part. Similarly, it is not a secret that most Magyars in Czechoslovakia would prefer that the country stay together. What is your, and the EPM's, view on this much-debated issue?

[Duray] We stated almost a year before the last elections that tremendous tension and the danger of explosion would be the result if all the states of Central East Europe, which have been created in the present constellation, would fall apart at the same time. It is another matter that everything that is happening in Czechoslovakia today is a historical necessity and that it is a late manifestation of the European national revolutions. From such an aspect, I think that the establishment of an independent Slovakia is almost unavoidable. Considering this theoretical and practical situation, the Magyars living in Czechoslovakia really have no choice. Thus, the political tactic that I promote is limited to slowing down these processes wherever possible. This is why we talk about preserving Czechoslovakia's legal continuity, even though we know that the way things stand at present, this can be done only for a limited time period. Our program, too, embodies these endeavors.

[Miklosi] Do you agree with me that Magyars in Czechoslovakia have anxieties about living through the process of the country splitting in two?

[Duray] Yes. After all, it is quite understandable that everyone is afraid of such a change. People are afraid of every large change, especially when they have bad memories. Stuntmen may be the only exception.

[Miklosi] Do you feel that you are a stuntman?

[Duray] Sometimes.

[Miklosi] This question may appear to be challenging at first hearing: can an independent Slovakia offer something positive for us?

[Duray] No one can be cheerful about the concrete experiences that affect us. On the other hand, it becomes apparent in analyzing our possibilities that an eventual independent Slovak state will be presentable in European politics, and will survive economically, only if it can take part in the continent's processes of integration. But the condition for that is that it must accept the European value system which took centuries to develop and which has become a natural concomitant of western democracies. I could mention, among others, the example of the French-German or Swedish-Finnish conciliation or the South Tirol arrangement....

[Miklosi] Before getting entangled in the daydreams of rapid and positive changes, I would recommend that we change the subject. What do you think of Vaclav Havel?

The reason why I ask is that you had some criticisms regarding the newly elected president as early as the spring of 1990.

[Duray] Both of us became involved in the opposition movement way before 1989; thus, I had the opportunity, both before and after the change of regimes, to follow his manifestations as a politician. I continue to uphold my opinion that, as an intern politician, his manifestations were not always very smart or expedient. In many instances, what I saw in him was a frequently experimenting poet and playwright rather than a politician. Of course, I am not criticizing his intentions, only their practical manifestations. It is part of the truth that lately he indeed grew to the presidential tasks. He has been evaluating both his own and the country's situation much more realistically and clearly.

[Miklosi] I would be interested whether you uphold your opinion despite the fact that most Magyars—i.e., the voters for parliamentary coalition—sympathize with Vaclav Havel without reservations.

[Duray] Of course I do, and this should not hurt anyone's feelings. For one must see that sympathy is one thing while the political evaluation of political behaviors is quite another.

[Miklosi] All right. But if you have such a strict yardstick then what is your opinion of Vladimir Meciar whose political legitimacy you questioned as early as the fall of 1990; and, indeed, Meciar, as head of the Slovak Government, does not quite belong to the same category as Vaclav Havel, and not only because of his character....

[Duray] The only basis for a cool-headed evaluation of the Meciar administration seems to be its platform statement. And the most explicit opinion that I can muster is this: It is beneath contempt. Both as a whole and in its details.

[Miklosi] The reason why it is worth inquiring about your mutual relationship is that, following the 1990 elections, Mr. Meciar's initiative was that the deputy head of government should come from the EPM; and, in 1991, he urged the EPM to cooperate with the committees of experts of the Movement for a Democratic Slovakia which was forced into opposition "in return for" being coalition partners in the future. But the situation now has come to be that the government party and the Hungarian parliament coalition officially do not even talk to one another!

[Duray] Two years ago we indeed received a proposal from him that we should present a deputy head of government under the condition that we are ready for cooperation without reservations. As he said, he would force the FMK [Independent Hungarian Initiative] out of the coalition of that time. He made even more unclear hints last September of an eventual close cooperation while he cried shame upon the FMK. Our reply then was that the policy, both in principle and practice, of each political subject was a private matter. Without doubt, all

this makes it clear that we undertook neither of the two queen's gambits; obviously, this is why our relationship is at a stalemate.

[Miklosi] What would have happened if the Slovak head of government would have set up a ministry of nationalities, appointing you as minister, instead of assigning Milan Knazko the task of supervising minority affairs?

[Duray] If the proposition would have been directed to me personally, I would not have accepted it. I simply do not want to be minister, a government servant nailed to his desk. I am a different type of politician, I like to make analyses.

[Miklosi] And if he would have offered the portfolio not to you but to the coalition?

[Duray] Then we would have found a person for the job and would have been present as long as it would have been made possible by a cooperation void of conflicts. But if government actions would have been contrary to our standpoint and concepts, we would have called upon the minister to resign.

[Miklosi] You just said that you do not wish to be minister. But, in December 1989, you stood in a suit bought with borrowed money in the hallway of the government palace in Prague, and you were not far from being appointed minister....

[Duray] In retrospect, I am glad that destiny changed course in the last moment. In part because I still do not know if I would have been capable of taking the oath for Gustav Husak, and in part because, in looking at the events in retrospect, I could only have endured in that government until about February.

[Miklosi] Two eventful years have passed since then, and the Magyars, primarily those living in Slovakia, have come under the crossfire of reproaches and verbal attacks. Mr. Representative, what do you think will become of us Magyars living here?

[Duray] I think we must become aware of one thing: the tunnel that we entered in the fall of 1918 is coming to an end. It will be our homeland that will give us strength in facing our imminent problems. I am convinced that the way of the future can only be regional self-government built on educational, cultural and personal autonomy. No matter what protesters say, this will lead not to isolation but to a respect for others, because one could, in a given environment, live in accordance with one's laws and concepts. Self-government means this and nothing more. It has nothing to do with redrawing the borders; that is not our job anyway.

[Miklosi] Thank you for the interview.

### **Slovaks, Ethnic Hungarians Differ Widely on Dam**

92CH0797B Bratislava SZABAD UJSAG in Hungarian  
27 Jun 92 p 1

[Unattributed article: "Public Opinion Research; Only 4 Percent Against Bos"]

[Text] The Slovak Statistical Office recently conducted a public opinion survey relative to the construction of the Bos [Gabcikovo] hydroelectric power plant, based on a 1,172 person representative sample.

Survey results show that only 4 percent of the persons asked would halt the investment and would not continue construction ever again. (Nine percent of the Slovak populace felt that way in May 1990.)

Sixty-five percent of the persons asked supported the idea of completing the power plant, while 18 percent said the future of Bos should be decided consistent with the recommendations of an independent expert committee of the EC. Survey results also showed that opinions varied on the basis of two factors: the nationality of the person asked, and the person's political orientation. Thirty-two percent of people of Hungarian nationality believe that the resolution of the Bos problem should be entrusted to the independent expert committee. Thirty-five percent of the Hungarians clearly support the suspension of construction, while 8 percent would support the completion of the project. Insofar as political orientation is concerned, the Bos hydroelectric power plant enjoys the greatest support from those who sympathize with the Slovak National party (73 percent), the Party of the Democratic Left (71 percent), and the Movement for a Democratic Slovakia (68 percent).

### **Government Proposes Bill on Division of Powers**

AU3107123192 Prague LIDOVE NOVINY in Czech  
23 Jul 92 pp 1, 8

[Report by (jbs): "A Loser Union"]

[Text] The Czechoslovak Army is to be divided into two parts: The Czech Republic Army and the Slovak Republic Army.

This is what would result from a bill drafted by the federal legislature that would amend the Czechoslovak Constitution. It is obvious from the government bill, which LIDOVE NOVINY obtained yesterday, that the continued existence of the common state is foreseen but jurisdictions will change.

Czech Republic citizens will, according to the bill, serve in the Czech Republic Army and Slovak Republic citizens in the Slovak Republic Army. The CSFR president should remain the supreme commander of the federal army.

If the Federal Assembly passes the government bill, both republics will acquire the right to conclude treaties—in

conformity with CSFR foreign policy—regarding trade, economics, culture, science, education, health, sports, air and water pollution prevention, and media relationships with other entities forming federal states. They will be allowed to establish their own representations to the a federal state, and receive representatives of such entities. That is, we would have limited international status for both republics. Both the Czech and Slovak Republics have indicated that they will strive for full international status, however.

The draft bill says that the CSFR president appoints envoys and ambassadors in such a way as to ensure equal representation of Czech and Slovak citizens in these functions.

The government bill assumes that CSFR, Czech Republic, and Slovak Republic management of finances are independent and governed by their individual budgets. Defense expenses, the activities of federal authorities, creating federal financial reserves for subsidies to federal organizations and other expenses—as defined in the federal budget—should be paid from the federal budget. Both republics should contribute equally to the federation budget, inasmuch as they will participate equally in the CSFR executive. The Czechoslovak State Bank should be controlled by a council including a governor and four vice governors, of whom two should be citizens from the Czech Republic and two from the Slovak Republic. There should be an equal number of representatives from the Central Offices of the Czechoslovak State Bank in the Czech Republic and in the Slovak Republic.

Both republics would be allowed to establish their own security corps and security information services.

Property, rights, and obligations of Czechoslovak Railways should be divided between new organizations in charge of railway transportation in the Czech and Slovak Republics. Rights, obligations, and property of the Administration of Postal Services and Communications should also be transferred. Changes should also apply to the property and status of the Czechoslovak radio and television systems and the press agency.

Wage regulations should be transferred to the republics by the end of 1992.

### **Slovak Editorials Call for 'Cool Heads'**

#### **Need for Realism**

92CH0754A Bratislava NARODNA OBRODA in Slovak  
23 Jun 92 p 3

[Commentary by Julius Gembicky: "Two Dung Hills or Two Roosters?—Removing the Robe of Politicking From Politics"]

[Text] Under the tough political negotiation conditions involving the representatives of the ODS [Civic Democratic Party] and the HZDS [Movement for a Democratic Slovakia], the unexpectedly explicit election victories scored by the giants of the Czech and the Slovak political scene are being presented to the citizenry almost as if they were the results of a constitutional referendum. This, in spite of the fact that, for a significant portion of the HZDS voter potential, the state-creating sequence adopted by the HZDS was much like a Spanish village. Not knowing anything about it, pretty much like the case of ignorance of the law, does not vindicate anyone. Even if the voter also felt outflanked or even deceived.

President Vaclav Havel's preelection speech was interpreted by many hitherto undecided voters in Bohemia and in Moravia as a call to vote for Klaus' ODS. This is how several political experts explain the tremendous percentage leap in favor of the ODS, in comparison with the estimates of preelection preferences. On the other hand, the appeal or the fact that leadership types were dissuaded from voting drove many of the most willful voters into the corral of the HZDS. Such a postelection analysis clearly has its rational elements. In spite of the fact that its authors do not ascribe any intent to influence the results of the election to the president, who is undoubtedly the most important postelection authority.

The more discerning part of the Czech and the Slovak nation is beset, in this phase, by feelings of internal chaos, with demarcation lines having been drawn even for purposes of negotiation and in the event of a possible agreement. These people are rejecting the spontaneity of the signature campaign involved in the Czech challenge calling for them to accept the partition of the CSFR with a light heart, just as is the case in Slovakia. The fact that the demarcation line cannot be considered to be an internally and externally sealed border is attested to by the fact that Klaus as well as Meciar, whom someone has maneuvered onto a pedestal of intransigence, have, for the present, at least come to a political agreement regarding the program announced by the federal government.

Even Meciar's entourage had to realize the tremendous burden of responsibility for the fate of the Slovak nation after the first complicated and suffocating encounters. If it truly has the nation in mind, it must also elect suitable political means to achieve the maximum maneuvering room for every citizen of the Slovak Republic in the negotiations, to achieve geopolitical certitudes and the inviolability of the present borders in the central European region. And, at a minimum, the preservation and gradual improvement in that citizen's standard of living. Like it or not, the tactics of choosing the most suitable method and the force of political pressure to be exerted on the partner must be subordinated to this sacred strategic goal. It is necessary to consider three times as to what kind of atmospheric pressure is still resulting from the favorable effect and what kind of overpressure already poses the threat of a possible explosion.



A realistic policy which primarily takes into account the interests of the citizens of this republic must quickly shed and shake off the elements of domesticated politicizing, of radical and, at first glance, pleasingly appearing hastiness, both in the Czech lands and also in Slovakia. The politically cultivated content of such a policy does not a priori negate the argument-supported discussion of the emancipation of Slovakia, even if it is in the form of a free federation, a confederation, or even the discussion regarding Slovak or Czech independence. But the policy should also not reject discussion regarding a functional federation. Moreover, the victorious political teams, and the parliamentary and extraparlimentary opposition as well, should be willing to provide arguments without reservation for and against an already asymmetric or symmetric model or even arguments favoring a constitutional separation. The ground for the fulfillment of the letter of this sacred law—to freely decide in a referendum—should be created prior to D-day by the noncabinet political coalition and the opposition, rid of the baggage of politicization.

This coalition should, with definitive validity, wash away the emotionally whipped noncritical attitude, the worshiping of postrevolutionary personality symbols. Even if the head of state himself were involved. However, the coalition should not permit the principle of bloody revenge, or the transparent uncivilized practice of applying a choke collar. Neither the personality of Vaclav Havel nor that of Alexander Dubcek deserve that. It would seem that a suitable compromise could be found in extending the election mandate held by President Havel, by taking into account the proposals for a vice presidency and the possible rotation on the principle of parity. To arrive at something which was unheard of a year ago—in other words, a unique hybrid of a common state with federative and confederative elements—would not be a defeat, but it would almost be a victory. The rejecters of such a notion on the Czech side as well as on the Slovak side will be easily recognizable by every citizen according to the degree to which they mutually promote counterproposals—like identifying a bird by its feathers. Even if a citizen were to be color-blind, he would be left with yet another opportunity. The referendum. He would have the opportunity of deciding on two roosters or looking for two dung heaps.

### Need for Compromise

92CH0754B Bratislava NARODNA OBRODA in Slovak  
29 Jun 92 p 3

[Commentary by Igor Cibula: "The Prospects for Settlement—In the Face of Invectives, It Is Essential To Retain Cool Heads"]

[Text] Not even the upcoming end of Czecho-Slovakia should be a reason for ignoring the fact that the Slovak Republic and the Czech Republic will always be close to each other in the central European region, even though currently—particularly in Bohemia—the trend favoring their separation is growing. Specifically, this fact calls for

attention at this time when the signals of vulgar Czech chauvinism have turned green and the petit bourgeoisie of Prague has been joined by several Czech intellectuals who, until recently, behaved in a haughtily "civic" manner toward the Slovaks and who are today already marking the borders of Europe along the banks of the Morava River. Under no circumstances is it necessary to allow oneself to be provoked even by the new stupidities of the F1 "Czech" television station—related in the words of President Vaclav Havel, who said—"the measure of refinement of today's public discussions will fatefully also predetermine the measure of civility of future political events, including the possible partition of the state."

Although, for the time being, a partnership understanding of Czechoslovak mutuality has not prevailed on the Czech side, the Slovak political representation should not retreat from its proposals that the Slovak Republic and the Czech Republic should remain in a common union as two sovereign states. The preservation of the defense-economic association between these two countries is not only in the interest of national security and prosperity of Slovakia, but the need for it is also being realized by the more realistically thinking Czech politicians. Apart from such market pragmatists as Vaclav Klaus, there are also some Czech personalities with a broader view who perceive the priority of the national interests of the Czech Republic in more complex historical dimensions. At least from them it is possible to anticipate that they will continue to work in that direction so that the historical tradition of Czecho-Slovak mutuality would not be disrupted even in the event that the Czecho-Slovak state in its existing image were to disintegrate.

It is precisely with emphasis on these circumstances that Slovakia should articulate its objective needs in a cultural manner and with tact, even in such cases where it does not encounter equal cultural matters on the Czech side. It is only in this way that it will present itself, primarily to Europe, as a country with high democratic standards and prudent leaders. Only through the patient explanation of the complexities of Czecho-Slovak relationships and by not suppressing the willingness to compromise, is it possible to overcome the stereotype notions of Slovak nationalism, which was being spread by Prague sources throughout the world. In the face of invectives addressed at Slovakia, it is necessary to keep a cool head so that the opportunity for the constructive culmination of the process of Czecho-Slovak settlement would be preserved.

In no event should the Slovak political representation assist Czech impatience to hasten this process in a manner which would damage interests of Slovakia. The road to sovereignty requires a well-thought-out procedure and not improvisations which sometimes cast doubt on the readiness of leading politicians to adopt such procedures. What is involved here is the elimination of asymmetry in Czecho-Slovak relationships in

such a way as not to disrupt the interconnections and ties, balancing stability, and security in the central European region.

### **Slovak Pressure To Control Media Perceived**

#### **Separatists' Attitude**

92CH0751A Bratislava NOVY SLOVAK in Slovak  
22 Jun 92 p 1

[Editorial by Jan Topol: "Do Away With It!"]

[Text] Anyone who was watching the infamous "federal" television program entitled "What the Week Has Brought" yesterday afternoon has to gain the decisive impression that it would be best to do away with "federal" television as well as radio in Slovakia. I put the word federal in quotation marks because both F-1 and also "Ceskoslovensko" are actually Czech institutions in which, from time to time, Slovak Czechfiles (or better still, Czech bootlickers) appear. And they then denigrate, frighten, and disparage Slovakia and Slovaks so as to ingratiate themselves with their Prague breadgivers.

Yesterday, we were able to see the director of the "Ceskoslovensko" radio station—P. Duhan in that role as well as the television moderator for F-1, Bubilkova. Mrs. Bubilkova moreover "broke" the record for interrupting the invited guests, though it is true that they were a team from Slovakia. However, doing away with "federal" television as well as radio will be a difficult task for the new Slovak Government. Prague is realizing that it fulfills the role of a Czech Trojan horse in Slovakia in an outstanding manner. But once we are sovereign, no one will be able to prevent us from doing so.

#### **Opposition's View**

92CH0751B Prague LIDOVE NOVINY in Slovak  
27 Jun 92 p 3

[Commentary by Stefan Hrib: "Totality?"]

[Text] At the Thursday briefing by the KDH [Christian Democratic Movement], J. Carnogursky expressed the fear that the citizens of Slovakia have yet to find out who is actually preparing a new era of totality for them. Obviously, such sharp words by a considerate politician cannot be taken lightly. It would seem that the steps taken by the HZDS [Movement for a Democratic Slovakia] in the direction of the mass media are proving him correct.

The prominent economic journalist from the independent paper SMENA was privately told by A.M. Husk, deputy chairman of the HZDS and of the Slovak National Council, that her speech in the pages of the press is not sufficiently "Slovak." Ivan Mjartan, one of the leaders of the HZDS and the former manager of the independent RADIOZURNAL (from whence even the spokesman for V. Meciar, B. Geci, stems), in a conversation with the management of the news department of

Slovak Television actually proposed that the representatives of the HZDS be rendered "visible." When the answer involved words to the effect that Slovak Television was independent and nonpartisan in nature, Ivan Mjartan countered with a shocking claim that there is no time today for nonpartisanship....

Among journalists, there is talk with a slight smile about how their colleagues are gradually being summoned to the victorious precincts in order to be reminded, in a friendly manner, that their articles are being monitored and that there is a required method for writing them. Proof of how the HZDS is monitoring the work of journalists was provided most recently by Dusan Slobodnik, who is the present minister of culture and education, on the program of "What the Week Has Brought," where he clearly proved that he is retaining in his memory the names of even those journalists with admirable accuracy. The reference by Vladimir Meciar, made to employees of Czechoslovak State Television, indicating that "they can look forward to him," in conjunction with mention of their future director from the ranks of the HZDS, also speaks volumes.

Was Jan Carnogursky in error?

### **Directors View TV, Radio, Press Agency Changes**

AU0208132892 Prague MLADA FRONTA DNES  
in Czech 25 Jul 92 pp 1-2

[Sabina Slonkova and Bronislav Pavlik report: "Transforming the Mass Media"]

[Text] According to the agreement reached on Thursday [23 July], Civic Democratic Party and Movement For a Democratic Slovakia representatives will initiate the republican delimitation of Czechoslovak Television, Czechoslovak Radio, and CSTK in the Federal Assembly, the national councils, and the republican governments. They will also propose transforming the state media into shareholding or other commercial companies.

No single and binding course of action has yet been determined for transforming Czechoslovak Television. "Regardless of the constitutional and legal arrangement, it is essential to transform television into a nonstate institution making plurality of information possible," said Martin Vadas, chief editor of F1 [federal] news coverage. "Of course, it is one thing to transform an institution and another to allocate broadcasting frequencies for channel F1. The delimited institution could not exist without a channel." It is necessary to take into consideration the fact that Czech Television is a public legal institution [verejna pravni instituce], while Slovak Television is a state-public legal institution [statni verejna pravni instituce] and, according to Martin Vadas, is subject to strong political pressure and has questionable independence. "Transformation offers us the possibility of placing the public legal principle and the private principle side by side, albeit with state participation at the beginning," says Martin Vadas.

"Delimitation should guarantee not only economic independence, but also independence regarding the contents of the programs."

In the event of the Slovak Republic's separation [from the Czech Republic], it is not certain whether the new state will implement the so-called information sovereignty—restricting the flow of information on the airwaves—or not.

As Czechoslovak Radio Central Director Peter Duhan told us yesterday, the most suitable form for transforming radio is being sought regarding this media's economic performance and the impartiality of its broadcasts. "In our opinion, the participants in the proposed shareholding or other commercial companies should not only be Czech and Slovak Radio, but also other suitable and advantageous partners," stated Peter Duhan. Is it possible that the existing private radio stations will be among the partners? "A valid legal amendment does not permit anything like this at the moment. However, laws can be changed. Despite this, I do not know if anyone would initiate such changes. We have nothing against partnerships—within the limits of the law and other norms—advantageous to both sides."

The Slovak Republic Press Agency (TK SR), which is autonomous and independent of federal CSTK, was more or less separated from the federal Czechoslovak Press Agency last year by a Slovak National Council law. However, at the moment, there is no parallel press agency in the Czech Republic.

CSTK Central Director Petr Uhl stated yesterday that in the current situation—in which talks are taking place about Czechoslovakia's future—a solution could be reached whereby no suprarepublican agency common to the Czech and Slovak Republics will exist. "National agencies in both republics could fulfill the function of the current federal CSTK," stated Petr Uhl. He mentioned, of course, that a Czech Republic Press Agency now has to be constituted. CSTK management and the Czech Ministry of Culture have made more specific preparations for such a possibility. Petr Uhl intends to go over the material in more detail this weekend.

TK SR Director General Svetozar Stur said the following in connection with his agency's transformation: "We will have to choose an option enabling us, at least in the short term, to make the best of the somewhat neglected material and technical base that—in an asymmetrical model—was developed disproportionately more slowly in the Slovak part of CSTK than in Prague." He also stated that many CSTK employees in Prague "cannot rid themselves of their preconceptions about a centralized and, as they say, managerially controlled agency."

#### **Porubjak Sees Attempt To Control Slovak Culture**

92CH0782C Prague LIDOVE NOVINY in Slovak  
9 Jul 92 p 3

[Commentary by Martin Porubjak, chairman of the Civic Democratic Union: "National Realism"]

[Text] Now we have a new "-ism" in Slovakia; this time it is national realism. If you think that we are talking about politics, then you are mistaken. You should understand national realism as a concept of an artistic movement. This is what it was presented as the most forward-looking movement because it is preferred by the adherents of national emancipation—by a member of the HZDS [Movement for a Democratic Slovakia] Culture Club, Igor Gazdik, at a meeting of Slovak cultural unions and associations (the Arteria Bratislava agency provided the story from the Seminar on Cultural Politics in the Upcoming Election Period).

Somehow in this story too many phrases show up that were well known in the recent past: "cultural politics in the election period," "the goal is to unify those who create culture on the basis of the HZDS platform," "removing artificial barriers between the individual artistic movements," "a strategy of developing culture," etc. Perhaps only the declaration by some leading HZDS politicians that they will "continue with the post-November development" can compete in the field of political phraseology with the above expressions of artistic-ideological phraseology. We can well remember the assurances of another doctor, Gustav Husak in 1969, that he would "continue with the post-January development."

According to the pigeonholes of the creative arts critic Igor Gazdik, we have three artistic movements in Slovakia. In addition to this national realism, which is not described in any further detail, there is also the movement which is its antithesis, and how could it be otherwise, which is the movement of the "internationally applicable standard which strives for international recognition based on the artistic movements which exist at the moment." Finally, they say that there is also a "relatively weak cultural center" that exists between the two. That sums it all up! We only have to "remove the artificial barriers" in the interests of the "strategy of cultural development" and a "better presentation of Slovak art both at home and abroad."

But that is enough quotations from the above story. I do not want you, dear reader, to get the impression that perhaps you are reading these lines in a newspaper with the wrong date. The main thing is that we have broken up culture along ideological lines into a nationalist left, a cosmopolitan right, and an expressionless center and we can cheerfully begin to unite in the name of national realism. Only an unrepentant jester and a historical optimist could see this project as purely a surrealistic one.

The state secretary of the ministry of culture, Ivan Mjartan, also took part in this seminar and he summed up the postwar development of Slovak culture in two sentences: "After 40 years of socialism, there have been two years of dissident art up until now. Now a strong trend is building toward national realism." I looked in the Dictionary of Foreign Words and found: "dissident = opponent of official thinking or the official line in

politics or in the state." Ivan Mjartan, who ran a dissident program for two years at the Radio Magazine of the Slovak Broadcast System in exactly this sense, must know this very well. And so I finally understand what is really hidden behind this secretive artistic-scientific term "national realism." Unfortunately, it will not really be surrealism.

### **Commentary Considers Meciar-Dubcek Relations**

*AU3107110192 Bratislava NARODNA OBRODA  
in Slovak 27 Jul 92 p 3*

[Igor Cibula commentary: "Meciar Against Dubcek"]

[Text] Despite the fact that the date of the Slovak Republic presidential elections is still not imminent, a few presidential candidates have been announced. While the name of Slovak Deputy Prime Minister Roman Kovac has raised some uncertainty, the name of Alexander Dubcek has been rejected by the so-called nationally oriented parliamentary parties. The Slovak National Party [SNS] does not like Dubcek's past as a communist functionary and his faithfulness to the idea of Czechoslovak coexistence. The For a Democratic Slovakia Movement [HZDS] did not dare, so far, to openly oppose Dubcek's presidential candidacy, but Prime Minister Vladimir Meciar said in RUDE PRAVO on Saturday [25 July] that he was not sure whether "HZDS would accept Dubcek as a candidate for Slovak president." It is also difficult to accept Meciar's doubts about whether Dubcek's candidacy would be "accepted by the majority of the Slovak people."

Even before Dubcek joined the Social Democratic Party in Slovakia [SDSS], Meciar proposed to the then Federal Assembly chairman the post of Slovak president, if he joined the HZDS. Now, the hero of Prague Spring is useless to Meciar since Meciar does not expect any political services from him. He has forgotten that Alexander Dubcek introduced him into "higher politics" after November 1989. He even does not remember that Dubcek did not support the anti-Meciar campaign led by Fedor Gal and that Dubcek publicly defended him. The Czech right wing was unable to come to peace with Dubcek's pro-Meciar attitudes, and even wanted to recall Dubcek from his post of Federal Assembly chairman.

At the present, we are not concerned with moral gratitude toward some political personalities, but the thing is that at the very beginning of its existence, the Slovak Republic will need a president who has a good reputation in the international community—a reputation comparable to those of Vaclav Havel, Lech Walesa, or Mikhail Gorbachev. Apart from Alexander Dubcek, it will be difficult to find someone else in Slovakia of comparable quality and international prestige. Dubcek's party membership, too, is a guarantee of greater opportunities to integrate Slovakia in European integration structures via the SDSS, in which Dubcek enjoys considerable authority.

Within the context of the domestic political scene, Dubcek's candidacy as the first democratically elected Slovak president is of no less importance. Alexander Dubcek has never been radical in switching his colors, as were many former members of the Communist Party who are waving national emblems today. He openly opposed Czechoslovakism during the times of the profound totalitarian regime, and after November 1989 he consistently supported equality and the elimination of asymmetry in Czech and Slovak relations. It is precisely his developed sense for political compromise that is important in the parliamentary democracy which we are trying to establish in Slovakia. Alexander Dubcek would be able to hold the office of Slovak president while adopting a nonpartisan position, and would have an integrative effect on a society divided by the dispute about Slovakia's future within Europe.

### **Andrejcak on Problems Involved in Dividing Army**

*AU0108202092 Bratislava PRAVDA in Slovak  
25 Jul 92 p 2*

[Interview with Defense Minister Imrich Andrejcak by Peter Kuchar in Bratislava on 24 July: "They Are Beginning With Civil Defense"]

[Text] Defense Minister Imrich Andrejcak paid a working visit to Slovakia yesterday. After a press briefing in Bratislava, which was mainly devoted to the problem of dividing the Army following the federation's breakup, he granted a brief interview to PRAVDA.

[Kuchar] The first step on the road toward division involves transferring Civil Defense to the republics' jurisdiction. How will this take place?

[Andrejcak] According to the Federal Government's policy statement, the non-military part of Civil Defense will be transferred immediately to the republics' jurisdiction. No law is necessary for this and I have issued an order on preparing a plan to implement it. At the same time, I have also issued an order on drawing up a draft amendment to the law making it possible—in harmony with the government's policy statement—to divide the military units between the republics.

[Kuchar] Can you estimate how long it will take for the Czechoslovak Army to separate into two independent armies?

[Andrejcak] I will give the first details on this in a report to the Defense Council. However, this report will not be backed up by any figures.

[Kuchar] Political problems have cropped up in connection with redeploying the Air Force. What kind of problems?

[Andrejcak] The main political problem will be to find a common point of view on how to divide the Air Force. This means what share falls to whom. Servicemen will not be able to make a decision on this issue as the



professional aspect would prevail and the fundamental problem would not be eradicated—the feeling of danger experienced by Slovak citizens because only a small part of the Air Force is deployed in Slovakia. No matter where we deploy a squadron of combat aircraft in Slovakia, we arouse a negative response; this is another political problem. This is also a problem for local administration. There are people willing to sacrifice something for a reliable defense, including putting up with a lot of noise. There are also people who fundamentally refuse to have anything to do with defense.

[Kuchar] According to you, the armies of the independent Slovak and Czech Republics will have a single command. Does this mean you envisage the establishment of a Slovak-Czech military alliance?

[Andrejcek] If there is the political will to do so and we make a political decision to have completely independent states and, at the same time, maintain a single command, this is a possibility. If we proceed from longer-term views on development in Europe and assume that Europe will have a single defense system for all the states on the continent, then it is only a matter of time until the single Czech-Slovak command becomes part of NATO or another joint command or, as the case may be, forms an alliance with other states and then becomes part of a single European system.

[Kuchar] What influence will the state's breakup have on military doctrine?

[Andrejcek] Military doctrine has to change. We have a CSFR military doctrine. If a law divides the republic into two parts, two military doctrines have to be developed. If they develop in the sense that they are translated from one language to the other, this will only be to the benefit of our joint defense.

[Kuchar] Will separation have any bearing on the promised reduction in basic military service to 12 months?

[Andrejcek] I see no reason why it should. Reducing basic military service proceeds from completely different criteria.

[Kuchar] According to a CSTK report, you stated at a news conference that it is unnecessary to form a home guard. Why are you opposed to this?

[Andrejcek] This is not true. This issue merely involves the correct comprehension of terms. You will not find a definition for the term home guard in any of our dictionaries. We have to give this term some substance as there are several models for a home guard in the world.

[Kuchar] What is the biggest problem for a general who suddenly became a civilian?

[Minister Andrejcek's press secretary] Carrying his briefcase in his right hand and not saluting officers.

### Experts View First Round of Privatization

92CH0790D Prague HOSPODARSKE NOVINY  
in Czech 30 Jun 92 pp 1-2

[Interview of industry and government experts on the first round of privatization by Dana Dvorakova and Blanka Ruzickova; place and date not given: "Wave After Wave: Large Privatization Is Gaining Momentum"—first two paragraphs are HOSPODARSKE NOVINY introduction]

[Text] *In spite of the political changes and discussion about the state setup, the large privatization is fortunately continuing at its own pace. And even though there is less talk about it, it is gaining momentum. The projects of the first round will be followed on the desks of the Ministry of Privatization by proposals for the second round. Therefore, the work load is not diminishing, just the opposite. In the midst of that merry-go-round, the following people met in the editorial office of HOSPODARSKE NOVINY for a roundtable discussion about the experiences and lessons of the first wave of the large privatization: Eng. Jiri Bilek, director of the privatization section of the Czech Republic [CR] Ministry of Industry, Eng. Otto Emanovsky, director for economic policy of the CR Federation of Industries, Prof. Eng. Karel Kouba, director of the FSV [expansion unknown] Institute of Economics of Charles University, member of the Economic Council of the CR Government, Dr. Jaroslav Muron, deputy minister of CR Ministry for Administration and Privatization of National Assets [MSNMP], Eng. Jan Princ, deputy chairman of the CR National Assets Fund, and Zdenek Skarda, director of Mototechna corporation.*

*The elections brought to a close the stage of the economic reform that was delimited in advance. During the same time a certain portion of the privatization process has also been completed. The time has come to take stock, which could prove useful for the next steps. We therefore posed this question at the very beginning of the roundtable discussion:*

[HOSPODARSKE NOVINY] How do you evaluate the progress of the large privatization thus far?

[Muron] If we want to do accounting, we cannot separate the large from the small privatization because it is an integrated process, which differs only by the methods of transferring state property to private persons. During the course of the small privatization 25,000 business units were put up for auction in the Czech Republic. So far about 18,000 of them have been sold, bringing in 23-billion Czechoslovak korunas [Kcs]. After the year and a half during which the small privatization has been under way, this result can be considered a success.

Altogether 2,700 state enterprises and properties with state ownership participation were included in the first round of the large privatization in the Czech Republic. In the stage now concluded, we concentrated primarily on properties designated for the application of the coupon method. But from the beginning we put

emphasis on enabling even these enterprises to separate in advance components not directly connected with the main object of their activity (various craftsmen's workshops or service operations), so that these components of the state enterprises could be privatized by the standard methods.

In the Czech Republic, projects approved during the first stage involved property in the total value of Kcs300 billion. Of that, about 200 billion was put into the coupon privatization, and the rest are components which were already privatized by the standard methods. In the first round we have about 1,200 projects which remain to be completed (standard methods). Processing them is simpler than is the case with projects in the coupon method, where the designated volume of state property must be assembled by a certain date.

[Emanovsky] In spite of all the problems that came up, it is, to my mind, a great success that the situation is such as it is. From the standpoint of the enterprises, there is perhaps some disharmony between the speed and the quality of the privatization. Enterprises need to get a specific owner quickly, because the interval of time during which nothing in them is being changed cannot be drawn out. On the other hand, every acceleration has an impact on the quality of the submitted projects as well as on the approval process.

[Kouba] If I am to evaluate the course of the privatization thus far, I must say that the combination of the coupon with the standard methods proved to be a viable way to achieve a quick privatization of our enterprises. We became accustomed to talking about the favorable starting conditions, for example, the low indebtedness in comparison with our neighbors. But we have a fundamental disadvantage. In contrast to them, we started basically with a zero private sector.

The goal of privatization is not only to denationalize and transfer property into the hands of private owners, but also in the broader sense of the word it is to achieve the dominance of the private sector. The combination used for the first time in our country is precisely from this standpoint truly the way to a quick privatization.

The unprecedented process that we embarked upon is also a process of learning. In the postelection period, this process will undoubtedly again become the subject of political decisions. But as an economist and a citizen, I would urge that all corrections and additions be executed on the basis of principles that were already adopted.

[Muron] We already made two corrections. Important for the way we work is the change according to which all, i.e., foundation as well as competitive projects, must be presented to the promoter on the same date. We then receive all of them with a uniform opinion, and that prevents the confusion which occurs when projects for one enterprise come to us in succession and with opinions that differ or overlap in some way. The second

correction was made by the amendment of law 92/91, which established a framework for evaluating ecological damage.

[Bilek] Roughly one-third of the projects comes from the department of industry, which the MSNMP [expansion unknown] has approved for implementation in the first round. We began the evaluation of those projects ahead of time, and all of them passed at the very least through branch commissions, in which employees of the CR MSNMP also took part, and in which in fact all of us went through a learning process. At the beginning, for example, there were great problems with judging by what means the state gained possession of the property that was being prepared for privatization. An enormous amount of small details concerning restitutions had to be clarified. Now, prior to the second round, we feel practically confident on the issue of restitutions.

We also learned to judge the suitability or unsuitability of using the coupon method from the economic standpoint. But there is still some lack of clarity about the standard methods and how to proceed in choosing from two or more offers for direct sales.

[Skarda] Mototechna was placed in the second round of privatization. We are a somewhat specific enterprise, because we have as many as 560 properties in the entire CSFR territory. That in itself represents property relations that are quite complicated from the legal point of view. In ascertaining the acquisition titles, in other words, how the state came to have possession of the property, it was necessary to go through all of them, beginning with confiscations on the basis of presidential decrees to the decree No. 229 on land. The dissection and orientation of the acquisition titles is precisely one of the reasons we were unable to enter the first round.

[HOSPODARSKE NOVINY] Was a time limit set for approving all projects of the first round?

[Muron] We were not given any time limit. We wish that the end of the first round and the beginning of the second would be separated by an interval of time. The government adopted the basic policy for organizing the second round of privatization. According to it, the projects should arrive at the CR MSNMP during September this year. By that time, we want to finish approving the remaining enterprises of the first round, i.e., those where the standard methods are used.

[HOSPODARSKE NOVINY] Only time will tell how successful the privatization will be. The criticism so far has been directed mostly at the role of government officials. How did they earn the criticism, in your opinion?

[Muron] Property of enormous value is being redistributed by an administrative process. Such work requires skilled economists and skilled lawyers. It is not the happiest of circumstances that the ministries in Prague are selling, for example, the large meat concern in

Hodonin. But so far, in the Czech Republic there is no other way of transferring property valued at about Kcs2 billion into private hands.

[Bilek] The way we organized the evaluation process in the Ministry of Industry was to create eight so-called branch commissions and then the so-called departmental commissions. Taking part in them were, besides the people from the ministries, representatives of other institutions, for example, trade unions, Federation of CR Industries, and the Association of Czechoslovak Entrepreneurs in the Czech Republic. We had in them representatives from the Czech National Council, banks, as well as independent experts. That way we could bring the results of the evaluations under public control.

[Muron] The law does not prescribe any commissions, any deliberations. It only tersely states that somebody is to plan the project, somebody has to give their opinion of it, and somebody has to approve it. Therefore, the effort to ensure control from every direction was more or less a voluntary initiative. It was very difficult to manage if we consider that, for example, the Ministry of Privatization was originally conceived as an office with 60 people.

[Kouba] The dilemma of who should make decisions on privatization is experienced by all postcommunist countries. No ideal schema exists, but obviously we are talking about some combination of central decision-making and decentralization. Here, the process is considerably centralized. I believe that in the future it would be useful to simplify the process, particularly as it concerns the number of steps through which each project passes in the central sphere.

[HOSPODARSKE NOVINY] The majority of the approved privatization projects were mandatory projects. We heard criticism that there exists a connection promoting ministry-enterprise management....

[Bilek] Thus far, most of the approved projects have really been foundation projects submitted by the management of the enterprises. But let us consider the fact that in the first phase of the approval process, the intention was to prepare an offer for the coupon privatization; and that is mostly based on foundation projects. During the evaluation of future projects, the ratio will probably change very quickly. As far as the links between the ministries and the presenters of foundation projects are concerned, in other words, the management of the enterprises, naturally, everywhere there are people. People know each other and people make the decisions. Whether we like it or not, there always will be some subjective aspect to this. On the other hand, in many cases, the Ministry of Industry made a decision against a project of the enterprise management and recommended a competing project, sometimes precisely because we knew the management level of the enterprise or its director. And let us also look at the course of the last two or three years, when there was a change in management in the majority of enterprises. The top management in some of them changed two or three times. In such cases,

personal contacts practically disappeared. The number of places where personal connections still remain is growing smaller all the time.

[Muron] Notice the shift in thinking. The law says that it is the duty of the enterprise to work out a privatization project. That comes first. Then other entities are given the opportunity to prepare a project. If what we initiated in the fall of last year had not taken place, when we said let's see if someone else has better ideas than the management, let's see what entrepreneurs, who already know something about doing business, can do, then we would not be asking ourselves this question.

In Slovakia they worked with enterprise projects as a matter of policy. Minister Miklos knew (and today we must agree that he was right) that after the elections there would be complications with privatization. Therefore, he made the effort to privatize as large a volume of property as possible by the nonstandard method. He practically never applied the standard methods, because for them it would have meant delays, and so they worked with enterprise projects as a matter of policy. They took a competing project in consideration only as a great exception. Here the situation was different, and now all of a sudden we are surprised ourselves why there have been fewer competing projects approved than foundation ones. The expectation was that the enterprises would submit projects and that some projects will come from private entrepreneurs as an exception. We succeeded, and I can say today that it was for the good of the undertaking, in reversing this ratio.

[Emanovsky] As a member of two branch commissions and two departmental commissions I saw several hundred projects. We must keep in mind that working out the projects is time-consuming and costly. That is also why the quality of competing projects was to a great extent substantially lower than that of the foundation projects, where enterprises contracted with foreign consulting firms to work them out. And in a number of cases, the minister told his government officials to work out a competing project because the foundation one, which was submitted by an enterprise, was very poor.

[Kouba] The competing projects were as a rule projects for a part of existing enterprises. And let's not keep silent about a certain unwillingness of enterprise managements to provide information. I believe that the privatization of part of the large enterprises is a sound approach in cases where it concerns projects with good prospects, and that tendency should be maintained and supported. It is incidental to the need to speed up the restructuring and create a competitive environment.

[HOSPODARSKE NOVINY] Many controversies certainly could be prevented by the general use of the coupon method. Do you think that its "translucence" will balance out other disadvantages?

[Kouba] If the use of the coupon method proved to be a road to a quick privatization, then a combination with

the standard methods increases the chances for an effective ownership structure of the future economic system. If we were to transform our volume of state industry only by the coupon method, we would freeze for a long time an unwieldy structure which makes it impossible to create a competitive environment.

[Muron] We set the goal of quick privatization. At its outset we did not give ourselves the task of carrying out restructuring. Nevertheless, during the process under way we succeeded, precisely by combining standard and nonstandard methods, in achieving something. There are now large corporations, medium-sized firms, and at the same time a core of a class of small businessmen. I consider it important even from the viewpoint of guaranteeing the continuation of democratic development to create a number of direct owners who acquire parts of large state enterprises otherwise privatized by the coupon method.

[HOSPODARSKE NOVINY] In your opinion, what impact, will the fragmented field of small owners have on the health of the enterprises?

[Kouba] It is true that stock ownership here is reaching a dimension that has no analogy elsewhere in the world. It is an open but not insoluble problem. A similar situation, which also occurs in some companies elsewhere in the world, usually results in the formation of a shareholders' association. For example, clubs are established which have legal authority and can strongly influence the management of the enterprise. Here this process is unclear and there are also certain risks, for example, if a majority of shareholders wanted to sell their shares immediately. But even this has its solution if there is an appropriate regulation of the capital market.

[Muron] Stock obtained for coupons could play two roles. There will certainly be citizens who will consider these shares to be the foundation of their family assets. They will not try to influence the management of the economic entities. On the other hand, some citizens will want to have their say. Those then will obviously find some way to form associations.

[HOSPODARSKE NOVINY] The investment privatization funds [IPF] are a kind of such associations now. Do you think that they will play an unequivocally positive role?

[Kouba] It is too soon to say. Naturally, the IPF's do not talk very much about their strategies. The question mark is their future behavior, which thus far, is not precisely regulated by a law on securities. The legal norms in this case are somewhat overdue, and the mistake of a late adoption of the law on investment funds is being repeated.

With some weaker funds the risks could also be due to the effort to survive under conditions in which they found themselves as a result of circumventing the vague limits and of some agreements that they had made. These are, for example, cartel agreements, which, of

course, should not escape the attention of agencies for the protection of the capital market.

[HOSPODARSKE NOVINY] The approval process in the first round is still not finished in the case of enterprises that are to be privatized by the standard methods. How can these be briefly characterized?

[Muron] There are three methods established by the law: Direct sale to an owner designated in advance can be considered a simple and flexible method. After it is approved, the privatization project is turned over to the National Assets Fund [FNM], which then concludes a contract with the purchaser, and after the price is paid, the privatization is completed.

The second, relatively more complicated method, is the method of public competitions. It takes up a lot of time, especially on the part of the fund. The FNM has to announce them, set the terms for them, and evaluate the results. The winner of the competition then buys the property in a similar way as in the previous method.

The third method, familiar to us from the small privatization, are public auctions. If that method is approved for the project, the FNM entrusts its organization to the okres privatization commission, which then proceeds similarly as in the small privatization. But in contrast to it, in the auctions of the large privatization (according to law No. 92/1991), the rights and obligations of the previous owner are transferred together with the material assets to the new owner.

Using the above method, stock of corporations whose promoter is still the state can also be privatized. It is possible to sell a package of shares or part of a corporation in direct sale; public bids can be invited for a certain amount of shares, or they can be sold in a public auction. All of this is roughly according to the same rules that apply to material assets.

[HOSPODARSKE NOVINY] Let's look at some of the problems of the standard methods. When and why is a public competition announced?

[Muron] Public competitions are a method which can be used if a project has been worked out for public competitions, and if it concerns that part of the property in which great interest is shown, for example, by private entrepreneurs. In a number of cases, it happened that projects were worked out only for direct sale, and somebody came with a demand that we have a public competition, but there was no project, that is, a legal basis, for it.

In such cases, we use a narrower selection process in which competitors compete among themselves on the basis of more detailed offers than their original ones. But we cannot break the law and say: There are five interested parties, so we shall announce a public competition.

[Princ] The National Assets Fund announces public competitions in HOSPODARSKE NOVINY. It organizes public competitions on the basis of the approved



privatization project, and a state notary always controls the work of the commission, including its evaluating. In other words, a certain objectivity is ensured; nevertheless, those who did not win usually raise objections. That is logical, if only because they are obliged to pay a participation fee, which we use to cover the cost of the commission's work.

[Kouba] It is true that in principle, a public competition guarantees greater equality of opportunity than a direct sale, and something of a faster way to reach a market price. The competition takes place in a specific locality, and experience shows that there exists a strong background of special interests which contradicts the principles of public competition. We have little legal protection for the transformation of ownership by means of a public competition, and many cases go beyond the framework of legal norms.

[HOSPODARSKE NOVINY] Entrepreneurs sometimes are critical of the fact that public competitions are announced even in cases where there are viable competitive projects.

[Emanovsky] Some complaints were the result of the lack of understanding by the CR Ministry of Agriculture in evaluating the privatization projects. There were several instances when only one project was submitted for a direct sale, and now the Ministry of Agriculture does not agree with the decision of the CR MSNMP and proposes a public competition, for which, however, nobody submitted a project.

[Bilek] I would like to point out that until 20 January, anybody had the opportunity to submit a project, even for a public competition. Until then it was basically possible to propose a public competition for anything. Those who did not take advantage of it can hardly complain now that they are left out. I think it would be a good thing to let the public know how the selection process for direct sales is organized and what the rules are. As far as I know, the Ministry of Privatization does have internal rules. The only thing is to make it known how it works with them.

[HOSPODARSKE NOVINY] When a decision is being made among several offers for direct sale, is the main criterion the price—that is, the highest price?

[Bilek] As promoters we have made an effort to give our opinion primarily with a view to the entrepreneurial plan. Whether the guarantees of the entrepreneurial plan will be realized in the way they were set down in the project is problematic. Nevertheless, we tended to look more at the expert side of the entrepreneurial plan, employment, concept, restructuring, and competitiveness of the production.

[Muron] It is not always the price. We also take into consideration other criteria, such as maintaining the object of activity for a certain length of time, the relationship of the new entity to the community, assistance, or lack of it in solving ecological problems, or

increasing employment. There could be any number of them, and they can be adapted to the specific property that is to be privatized.

[Bilek] There was some confusion in the first round with direct sales to domestic investors. The accepted policy was that domestic buyers will buy the property for the accounting price. According to our experiences, however, the market valuation worked out for foreign buyers often comes below the accounting value. The accounting price is then not to the advantage of the domestic investors. We should therefore consider how to treat those cases where a domestic investor offers, with proper substantiation, a price lower than the accounting one.

[Kouba] The accounting price was originally supposed to be to the advantage of the domestic entrepreneur, but sometimes the opposite is the case. In a number of attractive localities, the accounting price of the immovable assets and the posted price of the land were far below their real price. For the future privatization process it would be more useful to augment the rules for arriving, even for direct sales, at the market price, which will differ from the accounting price in both directions. One of the possibilities is to make a stronger sales contract and thus prevent the danger of an immediate resale. The sales contract could contain a clause to the effect that if the parcel of land in question is sold within two, three, or five years, then the surplus over the posted price will go into the state treasury. That proved effective in the practice of the former lands of the GDR.

[Skarda] On the basis of an exception granted by the Presidium of the CR Government we will sell, even before Mototechna is privatized, 31 auto service stations of the Skoda Automobile corporation. Because this is a sale of a company with a share of foreign capital, there was an effort to establish a market price. It is very complicated to arrive at a market price in a nonmarket environment, where the market must actually be only simulated. We were helped by the foreign firm Arthur Anderson. It executed the valuation within certain perimeters, but it could not establish a market price unequivocally. If only because in the case of service stations a comparison with firms of that kind in other countries is not possible. Projection and future calculations were used as a starting point. The foundation privatization project is worked out in units, so that it would be possible to approve also some competing privatization projects with realistic entrepreneurial plans. Another problem are obligations stemming from the pollution of the environment. The law has been in force since February, and we were put somewhat difficult position by its belated publication only in recent days.

[HOSPODARSKE NOVINY] Who should pay for the ecological damage?

[Skarda] During the sale of the service stations this question was discussed several times with the Skoda representatives. Obviously, every foreign entrepreneur is

interested in being free of a possible ecological burden in the future. If in the sales contract we were to accept the obligation to remedy the ecological damage, it could happen that we might sell these service stations on the basis of an ecological audit for exactly zero. We were united on the idea that an ecological audit will be necessary in order to have a kind of dividing line between what was in the past and what will be. It should be precisely determined to what extent the ecological damage was the result of our activity. And it is up to the future owner what measures he will take (if pollution is positively found) to prevent it from occurring in the future.

[Bilek] The entire problem of how to compensate ecological damage has not been entirely resolved. I would urge that this be resolved not only legislatively, but that financial resources be created to finance compensation for ecological damage. It could come either from the state budget or a special fund could be established. Damage which was found and can be reflected in the purchase price or for which some kind of temporary contingency fund is created in the FNM, is one thing, but thus far, there has been no solution for cases where ecological damage is found later.

[Skarda] I am afraid that the goal to repair ecological damage is somewhat overshadowed by financial speculations precisely in the determination and setting of prices for direct sales.

[Muron] The law provided merely a framework for dealing with the issue of ecological damage. Rules, which are being drafted by the Ministry of Environment, endeavor to concretize the technique of assessing the extent of the damage. For the future, we must create a system where the FNM, the state, and the new owner will also share in repairing damage done in the past. The Fund cannot take all the resources which it will obtain and use them for only one purpose, because it is enjoined by the law to use it for a number of other purposes. To solve all the problems which come up in the economy and which cost enormous sums of money only at the expense of the FNM will not be possible in the future. The state budget will have to be involved in this as well, and the new owner will have to bear some part of the risk arising from the ecological damage. These entities must come to some kind of tripartite agreement.

[Princ] There are two opinions on this matter. One is that the sale should be made for the market value and the fund would establish certain contingency funds to pay for the impact of ecological damage that may have occurred before privatization. If the fund were to implement this and sell in this way, then it should insist that the ecological audit provides an unequivocal dividing line at the moment the privatization project is approved. We would see clearly what kind of risk the FNM is accepting and what kind of contingency fund it must create.

I rather tend toward the opinion that the market value should reflect the obligation that the future owner will remove at his own expense all ecological risks which could occur here, and in the sales contract give up claim to any kind of compensation from the fund. The fund, which is the seller, is not the entity that in the future would have control over who repairs ecological damage, whether he repairs only its consequences, or make other investments contingent on it, which it is already obliged to do. This should be under the control of jurisdictional institutions, whether it be the communities, the Ministry of Environmental Protection, or others.

[HOSPODARSKE NOVINY] But in some direct sales to foreign investors part of the assets is transferred to the fund, to be used, if necessary, to undo the consequences of ecological damage....

[Princ] Where the FNM concluded the contracts, you are right. In most cases these were relatively complicated proceedings, where thanks to the help of American advisors we succeeded in not committing ourselves in any instances to compensation higher than the purchase price, and as a rule, the purchaser pledged that if there were some damage, he would tolerate it up to 1-5 percent of the purchase price and pay for it himself, and only if it exceeded this limit would the fund be involved. Mostly we tried not to exceed the limit of 50 percent of the purchase price.

[HOSPODARSKE NOVINY] The method of privatization that is not much talked about is the transfer of properties to communities. For both sides, this gift obviously represents the labors of the Danaids....

[Bilek] At the time when projects were being submitted and evaluated, many communities stated that they would take over the assets free of charge. And now, when the free transfers are to be realized on the basis of approved projects, they are changing their minds and do not want to take over the properties. In question are, for example, nursery schools and apartments. We have been left with this remainder of the state enterprise which was to be privatized, and I am very concerned about what will happen to it now. To put a nursery school up for auction, that is a bit much.

[Muron] Communities do not realize that ownership means responsibility. We gave in to their pressure and acceded to free transfers of properties to communities. Today, it is becoming obvious that the only thing that really makes any sense for the future life of the communities is the transfer of undeveloped land which the communities can develop themselves. I am on principle against transferring business properties to communities. Today, transfers of apartments and facilities that serve the public are becoming problematic. In the future I would recommend to put a maximum limit on properties which we transfer from state enterprises to the ownership of communities.

[Princ] When we began the first round of privatization, we assumed that we would have enough time, and that in

the privatization projects we would first take away properties from the state to which to apply the standard methods, auction sales, public competitions, and direct sales...and that we should then establish a corporation for the coupon privatization and the state enterprise would disappear. But there was a change in the timing, and we first established roughly 850 corporations and took over others. Then we were left with the so-called remainder state enterprises, in which there is tied up the part of the assets, which so far have not been transformed. At present, we are speeding up the implementation of the rest of the privatization projects by the standard methods. I believe that the second round will be better timed, and that we will succeed in first selling a smaller part of the assets and then establishing a corporation.

### Foreign Capital Flows in CSFR by Region

92CH0722A Prague EKONOM in Czech 12-18 Jun 92  
pp 16-17

[Article by Eng. Drahomira Dubska, candidate of sciences: "Regional Breakdown of Foreign Investments—Whither the Flow of Capital"]

[Text] *Currently, Czechoslovakia does not have a complete, and thus a completely credible database, the use of which would facilitate the processing of documentation needed for the analysis of the influx of foreign capital not only into individual regions, but also into the Czechoslovak economy as a whole. A relatively accurate database, established on the basis of the number of joint ventures permitted by the Federal Ministry of Finance, served as a relatively reliable source only through May of last year. Thereafter, the jurisdiction of the permitting and registration proceedings was transferred also to the registration courts in okres towns, from whence it is, however, immensely difficult to obtain overviews regarding the registered capital of individual joint ventures. Data on the mere numbers of joint ventures recorded at registration courts is concentrated by the Investment Bank, but only six months after the fact. According to estimates, however, this form of registration encompasses only about 10 percent of the total number of joint ventures. Moreover, not all capital which is listed in the documentation required by permit proceedings is later activated within the Czechoslovak economy—some estimates anticipate that only a very small portion (12 percent) of joint ventures is actually registered on the basis of a granted permit. Of those that are registered, estimates indicate that only a very small part of the capital involved is actually transferred to the CSFR.*

Existing considerations, analyses, and quantifications conducted in conjunction with foreign investments in the Czechoslovak economy were aimed, in a decisive manner, at the "demand" side, that is to say, at the interest of foreign investors in engaging in entrepreneurial activities in the CSFR.

However, the "supply" dimension is also important, because it consists of opportunities for Czechoslovak enterprises, particularly production-type enterprises, to present their attractiveness to foreign investors. It is a fact that, in many cases, enterprises may influence the interests of foreign capital only to a very small extent. They are the product of the existing structural reality of the Czechoslovak economy.

An analysis of joint ventures permitted by the Federal Ministry of Finance at the beginning of 1991 and aimed at determining the territorial distribution of foreign investments in the form of joint enterprises indicated that some views regarding their allocation and particularly regarding the influence of German capital penetrating into the Czechoslovak economy in this form are not always commensurate with the facts.

Primarily, what is not true is that joint ventures in our country are localized, to a decisive extent, near the western border. Southern and western Bohemia do not have an exceptional position insofar as the number and the capital strength of joint ventures located there is concerned. On the contrary, in this regard, and taking into account the size of the Czech Republic [CR] as well as the CSFR, they tend more to count as below-average areas, as is made clear by the table.

From the standpoint of the number of permitted joint ventures, Prague stands in first place with approximately one-half of all analyzed joint ventures (46 percent), followed by Bratislava (16 percent) and southern Moravia (12 percent).

The share of the border regions is small (southern Bohemia, 3.3 percent; northern Bohemia, 2.9 percent) and the percentage for western Bohemia is, in fact, the same as that for the west Slovakia region. Eastern Slovakia is a region which has thus far been virtually untouched by foreign capital (1.2 percent).

As far as composition from the standpoint of the federation is concerned, three-fourths of the number of analyzed joint ventures are located on the territory of the Czech Republic, one-fourth have their seats on the territory of the Slovak Republic [SR].

Results from looking at the volume of capital involved in these joint ventures are influenced by large investments.

From the viewpoint of capital strength, joint ventures for the time being occupy a priority position in the region of central Bohemia, understandably in view of the investments made by the Volkswagen firm into the Skoda Enterprise at Mlada Boleslav. In Prague, in September of last year, there was actually more capital invested than in all of Slovakia (2.9 billion korunas [Kcs]) and the share of foreign investors in joint ventures was and continues to be above one-half. In other regions, with the exception of southern Moravia, this is not the case and on a scale encompassing all of the CSFR, this share does not exceed 50 percent. In other words, it can be said that joint ventures are, for the time being, in "domestic hands,"

with the understanding that this ratio will change in the future. The intentions of foreign firms, particularly of the larger firms, are counting on the future acquisition of above 50 percent shares of the capital involved (VW, CAGIVA, and others).

An analysis has shown that other frequently presented views are not commensurate with the factual situation, views involving the predominant influence of German capital in the Czechoslovak economy. The influx of this capital in the final quarter of last year was unexpectedly low, clearly also as a result of the hesitation of German firms which is connected with the process of large-scale privatization (their commitment in this sphere was expected to amount to more than 80 percent of the interest expressed by foreigners with regard to the ongoing evaluation of approved privatization projects).

As far as the volume of capital which all countries are investing in joint ventures in the CSFR, the German share is the greatest, but does not amount to more than 50 percent. It is low particularly in regions where its dominant influence was anticipated because small and medium-size joint ventures do not exert an influence upon the resulting share. In the case of these smaller joint enterprises, German capital predominates only in western Bohemia (virtually involving three-fourths of all joint ventures with basic cash deposits of Kcs100,000 and a little over one-half of joint ventures with cash deposits between Kcs100,000 and Kcs1 million). Cumulatively, however, it does not exceed even Kcs7 million in this area.

For Slovakia, it is characteristic that the interest shown by German investors participating in joint ventures is, for the present, concentrated in Bratislava. In the other regions, German capital is represented only very slightly.

For the influx of foreign capital, the last quarter of last year saw a characteristic increase in interest in Slovakia. The increment was seven times higher than the interest in the Czech lands and thus altered the unfavorable ratio between the Slovak Republic and the Czech Republic from the previous period.

It is beyond any doubt that foreign capital, which is entering into our economy, foreign management, and know-how can accelerate the economic development of the country. However, it is simultaneously necessary to realize that in the future the clearly predominant share of profits—at a ratio commensurate to the share of foreign capital in the total net worth of the joint ventures—will flow to the country of the foreign investor. In Czechoslovakia, this fact can be more significant because, thus far, there does not exist a two-way capital flow which would tend to eliminate the above-mentioned handicap.

It would seem that, for the time being, there is not the threat of risks which, given an expansive influx of foreign capital, could make significant incursions into the economic structure or might even threaten the national identity. A competitive environment, which thus far does not exist in our country, however, makes it possible for foreign firms to easily acquire a monopoly or dominant position which they would strive for with immeasurably smaller hopes of success in functioning market economies. The realization of monopoly profits, as far as they are concerned, as a result of this position could then impact not only on the most immediate, but also on the more distant future, because the capital under-dimensioned Czechoslovak economy will clearly frustrate the development of our own resources for a long time to come.

Joint Ventures (JV) in CSFR and German Investors at the Beginning of 1992

	Total JV	JV with German Participation	Foreign Capital by Volume	FRG Capital	CR (percent of share)	SR (percent of share)
	(in million Kcs)					
Prague	1300	400	2800	1250	27.0	
Central Bohemia	90	50	3200	2900	67.2	
South Bohemia	95	25	90	5	0.7	
West Bohemia	100	60	250	10	0.8	
North Bohemia	90	40	1460	6	0.3	
East Bohemia	60	15	90	6	2.8	
Central Moravia	120	30	750	180	0.9	
South Moravia	340	80	620	15		
Bratislava	480	90	1900	1250		94.2
West Slovakia	110	15	200	5		4.5
Central Slovakia	80	10	70	5		1.2
East Slovakia	30	5	50	0		0.1

Due to conversion from graphs to tables all numbers are only approximations. Percentages are as given separately for CR and SR.



**Final Accounting on Czech Republic 1991 Budget**  
 92CH0790C Prague HOSPODARSKE NOVINY  
 in Czech 30 Jun 92 pp 1-2

[Article by Blanka Ruzickova: "Final Accounting"]

[Text] At its final session yesterday, the Czech Republic [CR] Government unanimously approved the proposed final state accounting for 1991. It was announced during the break in the proceedings by CR Minister of Finance Karel Spacek, who added that the total economic deficit of the budget system of the Czech Republic comes to Kcs4.67 billion.

The budget situation worsened at the end of last year, when regulatory measures on the expenditure side were insufficient to balance the shortfall in revenues. Altogether, the revenues of the CR budget reached Kcs226.59 billion and expenditures Kcs240.21 billion. From the deficit of Kcs13.62 billion must be deducted Kcs3.73 billion, which were remitted only after 31 December 1991. The remaining Kcs9.89 billion will be covered by an issue of state treasury bonds. The total economic deficit of the system—somewhat less than Kcs4.7 billion—is declared as such because of the surplus of Kcs5.22 billion, which the budgets of CR regional agencies, i.e., okres offices, municipalities, and communities, accumulated among them.

Another point of the program that was approved was the method of granting government guarantees for projects requiring foreign loans. Besides the rules for granting the guarantees, the submitted material contained a list of priorities. According to it, precedence should be given to conceptual programs for developing the infrastructure and supporting the economy and employment. As an example, Minister Spacek cited the connector oil pipe from Ingolstadt, modernization of the highway to Mikulov, and the desulphurization of the Prunerov power plant.

The guarantees for the foreign loans for those projects exceed the limit of the agreed upon Kcs26 billion, which the CR Government has already exhausted this year. It must therefore request an adjustment from the Czech National Council, to which a proposal for an increase of 50 percent will be submitted. "Government guarantees are required by international credit institutions for loans on which we can get at more favorable terms than current credit," was the explanation given by Minister Spacek for the need to increase the present level of government guarantees.

Prime Minister Pithart also described the national plan to assist health-impaired citizens approved at yesterday's session as a significant step. The plan contains 59 specific tasks. The financial requirements for fulfilling them are not high for this year, according to P. Pithart, and they will increase only in the subsequent years. "The important thing is that at last we have begun to actively help the almost 1.2 million affected people," said Prime

Minister Pithart, who is also the chairman of the government committee for the physically impaired.

Another proposal approved at yesterday's session was to amend the CR Government edict No. 254/1992 concerning salaries of prosecutors, prosecution investigators, and paralegals. The CR Government also had time to debate the change in designating some cultural treasures on the Old Town Square in Prague and in the historic center of Tabor.

Also approved was the proposal for treating the problem of increased concentration of radon gas in school buildings in Petrovice in the Pribram okres. The government enjoined the minister of finance to release Kcs2.9 million from the contingency fund of the state budget for sanitary measures. The government discussed material on the placing of orders for projects, supplies, and services for the state information system. The mandatory method of awarding orders will be public competitive bidding.

The program of cutbacks in the mining of raw materials other than ore and a proposal to modify the privatization process in mining did not get on the agenda of yesterday's proceedings. Neither did the government include on the agenda, because of unresolved legal problems, the issue of terminating the activities of the company for the General Czechoslovak Exhibition in Prague. According to Mayor Milan Kondra, the company ceases to exist and a statutory representative will take its place. The debt of roughly Kcs1.35 million still remains on the shoulders of the Commercial Bank. That sum also includes the deposit on the buildings for the exhibition area, which were to become the property of the Czech Republic. Another debt, which will be left for the new government to resolve, is the use of the property of the former Socialist Youth Association, because the proposal submitted yesterday by the Minister for Control Igor Nemec was not adopted.

**Daily Discloses Minister's Nazi Past**

92CH0753A Bratislava SLOVENSKY DENNIK  
 in Slovak 24 Jun 92 pp 1, 3

[Unattributed article: "A Peculiar Confrontation"]

[Text] *This confrontation has to do with a book written by Dusan Slobodnik, the director of the Institute of World Literature of the Slovak Academy of Sciences, and some documentation dated 1945, which also provide an account of the same period as that covered in his book, but from a slightly different point of view. It is up to the reader to read carefully and to form his own conclusions.*

**Excerpt From the Book by Dusan Slobodnik: A Paragraph Entitled "The Polar Circle"**

Yes, I was at the military school in Sekulie for two or possibly not quite three weeks, where I had been sent by the headquarters of the Hlinka Youth in Bratislava (and I had been invited to come to Bratislava by a call-up notice); yes, the commanders there were Germans; yes, it was a unit that was supposed to fight like partisans in the rear—the training was held in March 1945—but as soon

as the first opportunity presented itself to me I left; understandably, I did not participate in any kind of combat or noncombat action.

Three of them stayed in the truck as guards and the others jumped to the ground, mingled with the customers, and worked their way closer to the stands. At that time, I felt it was the right time and quietly asked Jan:

"What do they know about you?"

"I don't know," he answered almost more with a gesture than aloud....

SMERS—the department of Soviet counterespionage (I only recently learned that I had been in the hands of this feared unit)....

The first interrogation began. A civilian was translating the questions for me, despite the fact that I already understood because in gymnasium I was given two weeks of Russian instruction every day, instruction given by one of the nonteachers from Zvolen.

I told them everything the way it was. I told them that I had gotten to the military school organized by the headquarters of the Hlinka Youth and located at Sekulie na Zahori on the basis of a call-up notification (a paradox which I did not explain to the officer because he would have hardly understood it lay in the fact that I did not receive my Hlinka Youth membership card until May 1944, when the youth championships in table tennis were held and I won them, so that I had the opportunity to represent the district at the Slovak championships—the championships at Prievidza in 1944 were held under the sponsorship of the Hlinka Youth, so that the membership card was a condition for participating; I was young and I was interested in the sport and in other pleasant things—politics meant nothing to me; my strongest political feeling at that time was a belief in Slavism). I said that it wasn't until Sekulie that I found out from the instructors—they were Sudeten Germans—what the purpose of the training was to be (guerrilla fighting on territory occupied by the "enemy," that is to say, by the Soviet Army and by our units). I said that after I found that out—in contrast to the promised anti-aircraft artillery training—I was very much perturbed and quickly strove to get away from Sekulie; I said that after about two weeks of training I was lucky enough to escape....

Banska Bystrica and Zvolen were already liberated and so I did not have to be afraid for my relatives and that is why I formally promised that I would inform people at Hlinka Youth headquarters about the movements of the Soviet Army (it is true that after reaching Zvolen, I was glad that I had this three-week episode at Sekulie and in Bratislava behind me and I wasn't even thinking of chasing down any kind of information, which does not mean trying to achieve a supplemental improvement in my personnel profile, but is the plain truth. On the other hand, however, I want to clearly state that I did not and

today do not consider my March experiences to be something of which I should be proud in my life and that my conscience is not burdened by any direct or indirect crime—I was guilty only of a short period of involuntary participation in training and nothing more).

I was at the Slovak state's military school, even though it was only for a short time, there was a war on and any kind of abstract considerations regarding fairness and injustice, of guilt or innocence, had to fade into the background in conjunction with the fatefulness of the struggle that was going on at the time.

#### **Documents Dated 1945 Place the Period Discussed by D. Slobodnik Into a Somewhat Different Light**

The Board of Commissioners of the Slovak National Council responsible for domestic affairs addressed a letter to the Ministry of Foreign Affairs in Prague (see fax), dated 18 September 1945, in which the following passage occurs:

"We take the liberty of drawing your attention to the fact that the special course given by the Hlinka Youth at Sekulie was not a completely innocent affair, but, on the contrary, its goal was to train participants particularly in the use of explosives for sabotage purposes. The participants, who were divided into groups, were brought close to the front and, after crossing the front, they were to establish contact with the other terrorist groups operating in the rear areas of the military.

"Some participants in the course retreated to Moravia before the Czechoslovak Army where, among others, they already participated in murdering peasants at Plostina and participated in other bestial acts; the majority of them, however, remained at Trieste, from whence they returned to Slovakia and were arrested by the NKVD.

"I request that the responsible Russian authorities take action to release the young men listed in the attached list to our organs for appropriate investigation, an investigation which will surely help track down the perpetrators of the mass murder at Plostina and will aid in their appropriate punishment, depending on the magnitude of their guilt."

That letter was accompanied by a listing of the missing arrested students, where Dusan Slobodnik, date of birth 11 April 1927 at Pezinok, who was arrested on 20 April 1945 in Zvolen, is listed under No. 7.

Some nine days later, on 27 September 1945, the Ministry of Foreign Affairs in Prague dispatched the letter to the Embassy of the USSR in Prague, in which the following passage occurs:

"The Ministry of Foreign Affairs takes the liberty of notifying the Embassy of the Union of Soviet Socialist Republics that, on 20 and 22 April 1945, organs of the NKVD at Banska Bystrica and in Zvolen in Slovakia

arrested Slovak students who, for the most part, were minors and who, after the eradication of the Slovak uprising, were permitted, by the fascist regime, to attend a special terrorist course given by the Hlinka Youth at Sekulie near Malacky, under the leadership of German SS instructors. Upon the termination of military operations, the above students returned home.

"The Ministry of Foreign Affairs requests that the Embassy of the USSR kindly intervene with the appropriate Soviet military organizations regarding the release of the persons listed in the attached listing to Czechoslovak security personnel, with the objective of investigating and meting out punishment, as well as for purposes of acquiring information from the above individuals regarding the organization of special terrorist courses by the Hlinka Youth and regarding their terrorist activities."

Another document from that period, dated 9 October 1945 and dealing with the same case, is the response by the Soviet Embassy in Prague which confirms the receipt of the letter and notes that the request of the Czechoslovak ministry was passed on to the responsible organizations.

### **Temelin Nuclear Power Station Future Evaluated**

92CH0789C Prague HOSPODARSKE NOVINY  
in Czech 24 Jun 92 p 7

[Article by Richard Stregl: "Temelin in 1992 Prices—A Question Mark Continues To Hang Over Completion of the Largest Czechoslovak Nuclear Power Plant"]

[Text] According to a 1978 government resolution, the total output of the nuclear electric power plants in Czechoslovakia in 1990 was to be almost 10,000 megawatts [mW]. Fortunately, it did not climb so high. We have 3,500 mW and an additional 2,000 mW at the uncompleted Temelin Power Plant are the object of an uncompromising struggle of whether to finish construction or halt construction? The viewpoints are fragmented and diametrically opposed. However, they represent a significant shift in comparison to the past. Opponents of completing the power plant are no longer opposing it because of its dangerous nature, but against the cost at which it is to be built.

### **Safety**

Why the protests of the opponents of nuclear energy are not primarily focused, the danger of the Temelin Nuclear Power Plant is clear. The November revolution in 1989 caught the Temelin Power Plant in such a status of uncompleted construction, which still made it possible to correct unsuitable operating and safety parameters according to Western standards and with the assistance of Western technologies. The workers at Temelin themselves engaged in 55 fundamental improvements, others were proposed by experts from the International Atomic

Energy Agency [IAEA] in 1990 and the final 185 recommendations for improving safety and operating parameters were provided by specialists of the U.S. NUS [Nuclear Utility Services] Halliburton Environmental Corporation who was conducting an audit of the Temelin construction from August through November of last year. Following the realization of the suggested improvements, the most important of which included replacement of the control system and the original Soviet fuel and a design for the active zone of the reactor on the basis of verified Western technologies, the Halliburton experts state that the Temelin Nuclear Power Plant will be licensable in the mid-1990's. This means that it will acquire permission to operate, conditioned upon fulfillment of demanding European and American standards.

The proponents of nuclear energy are thus correct if they claim that problem-free and safe operation of 127 nuclear reactors in West Europe is a guarantee even for the safety of Temelin, which will obviously be meeting Western standards. On the other hand, it is not possible to overturn the claims of the opponents of Temelin that if there nevertheless was a serious accident connected with an escape of radioactive material into the surrounding area, the damage done to the environment would be catastrophic and irreparable.

### **Fuel**

Difficulties involving fuel for nuclear power plants do not arise until the fuel is exhausted in the nuclear reactor. Exhausted fuel is highly radioactive and must not come into contact with the environment. Therefore, it is first stored in pools located within the area of the safety envelope of a nuclear power plant for a number of years, in the so-called containment, followed by several decades in interim storage facilities for exhausted fuel, and finally, either in its original form or merely as leftovers following reworking the recovery of unutilized uranium and the reworking of plutonium which has developed, it is stored in permanent repositories. The construction of permanent repositories, for the most part underground, is just beginning throughout the world and it is also expected to occur in the CSFR. The storage of exhausted fuel and its manipulation are activities which are complicated primarily because the fuel elements, which are withdrawn from the reactor contain residual fissionable fuel, a significant quantity of fission products, and other radioactive nuclides. This radioactive waste moreover generates a significant quantity of heat, which must be siphoned off from the fuel elements as well as from the repository.

Radiotoxic radionuclides have an extraordinarily long half-life and before reaching the level of the radioactivity present in natural uranium, they will have to be stored for approximately 100,000 years. Despite the fact that it is possible to create permanent repositories which are completely safe, it is again impossible to counter the objection of opponents of nuclear energy, who say that nobody today can know what can happen to the radioactive materials or to the entire repository over the

course of so much time. Complications—high costs and the potential danger to the environment—involved in the permanent storage of exhausted fuel would, however, not be a sufficient reason to halt the construction of Temelin because the nuclear power plant at Jaslovské Bohunice and the plant at Dukovany are already in operation and the spent fuel from them will have to be permanently stored on our territory, whether Temelin is completed or not. It is unlikely that the spent fuel would be taken on by Russia, as had been the case before.

### Costs

The sharpest conflicts between the promoters and opponents of the nuclear power plant at Temelin now revolve around the costs of its construction. The Temelin opponents, primarily the Czechoslovak branch of the Greenpeace organization, claim that the costs to complete the power plant will be far greater than those listed by the Czech Energy Enterprises shareholding company and that the price of electric energy from Temelin will be negatively influenced by future costs involved in storing spent fuel and the liquidation of the power plant.

The numbers made available by the Czech Energy Enterprises shareholding company are as follows: The original budget for construction of two blocks was 40.1 billion korunas [Kcs]. By the end of 1990, Kcs12.1 billion had been spent. The liberalization of prices resulted in an increased cost estimate in January 1991 from Kcs40.1 billion to Kcs60.4 billion. The final amount which the corporation is listing today and whose increase incorporates the technical improvements proposed by the IAEA [International Atomic Energy Agency] and by the Halliburton firm is Kcs68.1 billion. In April of this year, suppliers were paid Kcs21.3 billion and structures and technological facilities worth Kcs23.7 billion are under construction.

If we assume that the sum of Kcs23.7 billion for work in progress and for installations would have to be paid in any event, then the variation calling for completing one block and liquidating a second block would cost Kcs60.3 billion and the final variation, calling for the liquidation of both blocks would cost Kcs53 billion. The costs of completing one block and mothballing a second or mothballing both blocks will not be listed in view of the fact that the uncompleted blocks would have to be completed at some time in the future or would have to be liquidated. In addition, Eng. Jaroslav Riha, the director of the Skoda Praha Enterprise, is the director of the Temelin Nuclear Power Plant and believes that the mothballing of the power blocks at Temelin is pure nonsense from the technical standpoint because to mothball (to preserve in an operational status without degrading the equipment) can only be done with an electric power plant that has been completed.

The estimate of the cost for completing Temelin, as done by the Czech Energy Enterprises shareholding company, is opposed by the estimate of the American firm Power International which, in its materials submitted to the

Czech Government, listed a sum of Kcs126 billion—in other words, an estimate twice as high. This estimate reflects the experiences involving the construction of 109 American power plants—primarily involving protracted construction and increased costs during construction.

In the event that the costs to complete the Temelin Nuclear Power Plant would really climb to the level estimated by Power International, the considerations involving the halting of construction would be justified. However, representatives of the Czech Energy Enterprises shareholding company claim that the Power International estimates are distorted as a result of several years during which construction of American nuclear power plants was halted following the accident at Three Mile Island. Even Skoda Praha, Skoda Plzen, Siemens, and Framatome, who state that the average construction time for a nuclear power plant is not 17 years as the American advisers claim, but only five or six years as in France and Germany, and that the investment costs compared to the study are lower in their experiences by one-half, are also protesting.

However, Power International is backed up by the protracted construction of nuclear power plants in Czechoslovakia itself. For example, the time limit for activating the first block at Jaslovské Bohunice was shifted forward by a factor of five, at Dukovany by a factor of four. At Temelin, the original computations indicate that the first block was to be activated this year; the investor and the suppliers are now promising to start it up in 1995.

The dispute between trade unionists of the Sub-Krusné Hory Power Plants and the management of the Czech Energy Enterprises shareholding company, who criticize the corporation for using profits from "their" power plant to finance the completion of Temelin at the expense of building desulfurization facilities, is a chapter unto itself. It is difficult to judge where this criticism is aimed and what its weight might be, if we realize that by activating Temelin the equivalent output at the Sub-Krusné Hory Power Plants could be sidelined and would, thus, not need to be desulfurated.

### The Price of Electric Energy

According to the Czech Energy Enterprises shareholding company, the price of electric energy at Temelin should be Kcs536/mWh [megawatt-hour]. This price includes both Kcs100/mWh contributed to the fund for storing spent fuel and the liquidation of the power plant, as well as, for example, nuclear insurance, which will amount to approximately Kcs150 million per year.

The Prunéřov II thermal electric power plant is producing the cheapest electric energy at Kcs318/mWh; the most expensive energy comes from Prunéřov I, at Kcs611/mWh. However, their prices do not include future costs to construct and operate desulfurization and denitrification facilities, nor taxes for damaging the environment or the costs of liquidating the electric power plants.



According to the Czech Energy Enterprises shareholding company, the cost of electric energy from a new source, regardless of type, which replaces or should replace a portion of or the entire output of the Temelin Nuclear Power Plant would always be about Kcs800/mWh.

The most high-risk factor in all of these computations appears to be the estimate of costs involved in storing spent fuel and in liquidating the power plant. According to estimates by the Czech Energy Enterprises shareholding company, an amount of Kcs124 billion will be sufficient for the electric power plants at Temelin and at Dukovany. These resources will be accumulated in a fund to which both power plants will be contributing by paying taxes at a level of Kcs81/mWh of electric energy produced. Thus, by the year 2025, there should be an accumulation of Kcs47 billion; the remainder of the required Kcs124 billion will be the result of a 7-percent interest rate paid on the deposited funds.

The opponents of nuclear energy, however, claim that it is totally impossible today to estimate the amount of investment required for depositing fuel and for liquidating the power plant.

Not even the data regarding which portions of the cost of electric energy play the most important role is without interest. These costs are 26.7-percent write-offs, 20.6 percent for fuel, and 18 percent for storing exhausted fuel and liquidation of the power plant. The other components are below the 10-percent limit. All computations are based on an established 30-year life span for the power plant. According to representatives of the Czech Energy Enterprises shareholding company, and according to representatives of Skoda Praha, the realistic life expectancy could be 10 years longer.

### The Price of Deciding

The expert opinions and estimates submitted by interested parties are so different that not even the Czech Government, not to mention the various opinions of the individual ministers, dared to take a position of any kind on completing Temelin. However, the indecisiveness actually means the same as the following words: "Continue building in peace," because the work was not halted at Temelin. After all, when will the new Czech Government be able to take a stand on this problem,

given the current political situation? The price of the final decision is also higher, day by day.

[Box, p 7]

### Nuclear Energy in Czechoslovakia

The first chain reaction in Czechoslovakia was accomplished 25 September 1957 at Rez Nuclear Research Institute near Prague in Soviet-designed 2-mW reactor.

The first nuclear reactor in Czechoslovakia was patched into electric energy net on 27 December 1972. This was a heavy-water Russian reactor with an output of 150 mW at the A-1 Nuclear Power Plant at Jaslovské Bohunice.

On the basis of agreements with the Soviet Union, dated 1970, 1976, and 1980, there were to be three nuclear power plants in Czechoslovakia—at Jaslovské Bohunice, at Dukovany, and at Mochovce, each having four VVER 440 blocks (at 440 mW).

The first block at Jaslovské Bohunice (VVER 440) was activated in 1984; the first block at Dukovany in 1985; at Mochovce, the first block was to be activated in 1989, but the estimate today is that it will not be ready until 1993.

The treaty with the USSR about construction of a nuclear power plant at Temelin, with four VVER 1,000 blocks (output of 1,000 mW each), was signed on 27 November 1991; preparatory work began in 1986. At the beginning of 1990, the government decided to complete only two blocks at Temelin with a total output of 2,000 mW. The final decision regarding the fate of Temelin will now be made by the new Czech Government.

Another two nuclear power plants with VVER 1,000 blocks were to be constructed at Blahutovice, Nový Jičín Okres, and at Kecerovce (Kosice Okres, rural) by government decision of January 1988. Each power plant was to have two blocks, but their construction appears unlikely today.

In the CSFR, nuclear energy, with its 3,500 mW of power, accounts for 16.5 percent of the installed capacity of all power plants, but for 28.5 percent of all of the electric energy produced last year (19.7 percent in the Czech Republic and 51.3 percent in the Slovak Republic).

### Szabo on Kupa Plan's Continuing Validity

92CH0735A Budapest NEPSZABADSAG in Hungarian  
20 Jun 92 pp 1, 5

[Interview with Tamas Szabo, minister without portfolio, by Maria Lakatos; place and date not given: "Szabo: The Kupa Plan Is Valid"]

[Text] *On Thursday, the government adopted a program prepared by its task force on economic strategy, aimed at ensuring the conditions for sustained economic growth. Yesterday the head of the task force Tamas Szabo, minister without portfolio, outlined the basic principles of that strategy.*

The goals of the so-called Kupa program, adopted in 1991, i.e., stabilization and the curbing of inflation, have already been partially met hence there are no plans to revise the program, stressed Tamas Szabo, minister without portfolio, in a statement yesterday. The government felt that it would be necessary to assess the effects of the program so far, which is why it decided last December to appoint a task force to analyze the ongoing processes and assess the obstacles to growth. It was this effort that yielded the action program adopted on Thursday, calling first of all for the establishment of the missing institutions of a market economy; development of the infrastructure; and a review of our budgetary expenditures. The goal of the government's action program is to promote the fulfillment of previously adopted economic policy tasks and to give impetus to economic growth.

After the press conference Tamas Szabo responded to questions from NEPSZABADSAG.

[Lakatos] It was only a few days ago that economic experts of the MDF [Hungarian Democratic Forum] outlined their own economic plan. Are the two programs identical?

[Szabo] Ours is a government program already that has undergone the usual state administrative processes, and has been screened by the Economic Cabinet. Naturally it was also discussed—among others—by the parliamentary faction of the MDF at its Balatonkenese conference.

[Lakatos] Would it be accurate to call this your program?

[Szabo] Not at all, because the program adopted two years ago had contained the same objectives. In other words, this is a program sponsored by the government.

[Lakatos] The draft proposal contains something for all of us: a two-tiered sales-tax system, a tax cut for entrepreneurs, and fewer burdens on deposit interests. What will be the collective impact of all of this?

[Szabo] This is a complex system of tasks, in which the situation of the budget is only one factor. However, it contains fewer new elements than one might think, as oversight over the sales tax system was already an element of the government's action program for this

year, as was even the agreement signed with the IMF. Whether or not a reduction, for example, in the resource tax rates will be feasible, I cannot tell you right now because our work has just begun.

[Lakatos] Nevertheless it is surprising that the father of the economic policy currently in force has kept himself distant from the product of the action committee, even if the prime minister's state secretary for policy has participated in preparing it.

[Szabo] The government works according to a specific action plan, which is how all programs come into being. From this point of view, in my opinion, it is unimportant where a program originates from or whose hallmark it bears. We are talking not about individuals, but about tasks facing the government.

[Lakatos] Will the action program affect the division of authority among the ministries? There has been a lot of talk about possible mergers.

[Szabo] No such plans are currently under consideration. Of course, in putting together the 1992 budget, which will require cuts in state spending, conceivably the tasks will change somewhat, but I doubt that there will be a structural transformation.

[Lakatos] Reductions in budgetary spending can most effectively be accomplished by way of cutbacks in subsidies and social services. Does the program propose a reexamination of these items as well?

[Szabo] The economy is working, exports are on the rise, the rate of inflation is falling; still there are not enough funds left to fund certain functions of government. This is perhaps because several of these functions do not belong to government in the first place. The exact steps that need to be taken will only become clear in the course of the implementation of our action program.

[Lakatos] In the last 20 years, every attempt ever made at revitalizing the economy has ended up resulting in a dramatic deterioration of our current balance of payments. The action program just adopted may have the same effect.

[Szabo] That is not what the program is about. What it calls for, in essence, is economic growth based on the rise of new market institutions, infrastructure development, and appropriate economic policy decisions. But nowhere does it suggest that there should be less emphasis on cutting inflation or maintaining a balanced budget. This cannot be directed from above. The plan does contain one element, the development of our infrastructure, which has been given a boost, on the one hand, by a better-than-expected budgetary situation, and on the other, by strong foreign interest. But this is also not something that can be considered a threat to our accomplishments so far.

[Lakatos] The institutions mentioned in the program, i.e., the Land Credit Office and the development corporations, would all be state owned. Is this not a move toward some kind of a recentralization?

[Szabo] A regional development corporation, for example, cannot be started up without state assistance, although here we are also counting on the active participation of the local governments. In other words, it requires state resources and money from the local governments. What this means, I think, is that it is crucial for the state to play an active role.

[Lakatos] And where will the money come from for this?

[Szabo] Before making its decision the government had reviewed the possibilities and concluded that the financial resources needed could be made available from revenues earned through the privatization process.

[Lakatos] You started your government career two years ago, as state secretary for labor. today you are one of the key conductors of the government's economic policy. Do you consider yourself to be a politician or an economic expert first?

[Szabo] As vice chairman of the MDF I cannot say that I am not interested in politics, but my focus is always on professional issues. The economy is an important area of politics, and I suspect the opposite is also true.

### Eorsi on Past, Cooperation With Populists

92CH0767A Budapest TALLOZO in Hungarian  
25 Jun 92 pp 1,216-1,217

[Transcript of the A NAP TV program including interview with Istvan Eorsi, member of Alliance of Free Democrats, by Janos Betlen, Henrik Havas, and Laszlo Juszt; date and place not given: "Istvan Eorsi: 'I Am Not Striving for Any Power'"]

[Text] *Two writers, two quite different personalities who nevertheless share one characteristic: They purposefully keep public attention alive—and not merely through their activity as writers. Istvan Eorsi talked with Janos Betlen, Henrik Havas, and Laszlo Juszt on last week's Ossztuz [Barrage] program. Ferenc Szekely was the editor of NAP TV's political debate program, and Tamas Gyarmas was its producer.*

[Havas] Being a writer, are you easily offended?

[Eorsi] No.

[Havas] This is important. This afternoon I read the vast amount of writings by you again. My first comment is: From the aspect of your political stand, you are the only one in the SZDSZ [Alliance of Free Democrats] with a socialist platform; as a writer you are a materialist, and your method is dialectic. My secretary asked me, who is this idiot?

[Eorsi] One should not be offended by such things. Facts are less offensive than added interpretations related to facts.

[Havas] Being a socialist is not too fashionable these days.

[Eorsi] Even earlier, I always tried to ignore fashion as far as my thinking was concerned, and I do not see any reason even now to doubt the material unity of the world just because, say, the old regime has fallen and it has turned out (as I always knew) that Kadar was a mass murderer. As a playwright, I apparently always have to struggle with contradictions. They are not in my head but in the outside world.

[Havas] It was the events that prompted many people to recognize that they were not materialists.

[Eorsi] I do not see any reason for changing my outlook. In looking at the present situation, I cannot completely dismiss class analysis. This does not mean that I am a Marxist.

[Havas] Class analysis?

[Eorsi] Interests are at work here. Interests are somehow connected to the social status of the groups. These words sound anachronistic, for many people believe that they were for the exclusive use by the regime. The Kadar regime was characterized by a consensus in a single ideology. There was only a single consensus between the population and the administration: a lack of interest in Marxism. There was absolutely no other ideological consensus. And, since I have no interest in every-day politics, I continue to be interested in—and I was always interested in—history's broader connections.

[Havas] What do you mean, not being interested in every-day politics? I think that you are the Csurka of the SZDSZ.

[Eorsi] That is a kind of comparison that, well...

[Juszt] Are you ashamed of it?

[Eorsi] I am not ashamed.

[Havas] For instance, you wrote a poem in connection with the pope's visit.

[Eorsi] Did Csurka also write something opposing the pope? No. I did not write in opposition to the pope. You know, the fact is that the pope went to Poland before coming to Hungary. And, in Poland he did not comport himself as a head of state, as a pope, but tried to meddle with legislative affairs.

[Havas] He is Polish.

[Eorsi] That is why I called him Mr. Woytila. I thought that a Mr. Woytila has the right to meddle with Poland's affairs, for he is Polish. But a pope, a foreign head of state, should not be that impolite. Even before, I had

often made rather direct personal references in my writings and succeeded in offending many people.

[Juszt] Is this an objective in your life?

[Eorsi] It is not an objective. I think that, strangely enough, principles are represented by people. I cannot criticize principles, I criticize behavior patterns. Behavior is also of people. But let me backtrack because I am bothered a little by this Csurka comparison after all. One could say something that is even more offensive, for Csurka is at least a talented writer. In my judgment, Csurka's earlier works, including his short stories written during the 1960's as well as one or two of his plays, are of lasting value. Thus, I have a high regard for his earlier accomplishments. But I think that the comparison is intolerable because, no matter how aggressive I may be, I have never tried to announce my intention to achieve autocracy. And Istvan Csurka is saying that the time is approaching when they will seize absolute power. Says he, the deputy chairman of a party of which 60 percent is in parliament. I must reflect a little upon what absolute power means. Absolute power means the abolition of constitutional democracy. In all of my aggressiveness, I am not striving for this power. Indeed, I am not striving for any power.

[Havas] I have read that you have said that there were active traitors in the Kadar regime, and there were their supporters; and that those who were outside this circle were so few that they could not be organized into a group. This is a depressingly pessimistic view of the Hungarian people.

[Eorsi] I believe that there are two words in this issue that should not have been used in this context. They are: Hungarian people. When I speak of politics, I do not speak of the workers and peasants who had to make a living. Instead, I speak of those whose production branch is ideology, i.e., of the intelligentsia. I never complained that workers and peasants never rebelled. On the other hand, I find it a bit strange that they want to call some major culprits to account who were courted for 30 years by 80 percent of the intelligentsia. I think that if they are the chief culprits, then those who courted them are at least accomplices.

[Havas] You also shook hands with Gyorgy Aczel.

[Eorsi] Of course.

[Havas] Where is the dividing line then?

[Eorsi] It is that I have never written a line according to their wishes. I have never said anything nice about the regime.

[Juszt] How do you mean this? That the others did write that way? On order?

[Eorsi] No. They were internally motivated to be on good terms, and make peace, with the power establishment. This does not apply to everyone although it applies to very many people. I do not judge them. Of course, I do

judge Laszlo Nemeth. But not because he was on good terms with Aczel but because of his 1958 toast—which I read about in the RABUJSAG [Prisoners Newspaper]—in which he had the audacity to say that he was the only Hungarian writer who was not for bourgeois democracy and who did not incite against the Soviet Union. Well, now, this need not have been said, for all of us were imprisoned for a reason, and we were not the only ones to have a reason, everyone else should have been imprisoned. This was indeed not very nice of him. But, then, he had a predilection for extremities; he also made some extreme comments around 1943.

[Havas] Again, I find your comment on Laszlo Nemeth dispiriting. For you may say what you wish but I know already that this comment of yours will again offend many people. I know already that it will elicit much anger.

[Eorsi] What is the matter with that?

[Juszt] Am I correct in my perception that the populists and urbanites have separated? One camp has ended up in the MDF [Hungarian Democratic Forum] and the other in the SZDSZ.

[Eorsi] Well, this is hardly accidental. When something happens this way, on a social level, it cannot at all be accidental.

[Juszt] Is it possible that the entire political struggle that is going on is actually a literary struggle that has been shifted over to politics?

[Eorsi] No. Strangely enough, the collapse of the Kadar regime was, for a while, followed by a situation during which it seemed that that regime had not existed at all. What emerged was a structure that was reminiscent of the structure before 1946, with the only great difference being that the pre-1946 populist literature had enormous social tasks. It propagated land reform and wanted to raise a populist intelligentsia. Those tasks have lost their relevance today. On the one hand, the land reform was carried out, regardless of what happened afterwards. On the other hand, the populist intelligentsia also developed. This was the only really useful, positive, and long-term achievement of Matyas Rakosi's five years. Thus, in this sense, populist ideology ceased to pursue truly social goals. And, strangely enough, it fused with the kind of ideology that was criticized earlier by the populist writers, namely, with the ideology directed against the old, feudal Hungary. On the other side a rallying emerged which—on the basis of liberal or social-democratic or (very few) social values—has tried to create a modern, middle-class Hungary. This camp is weakened to a great extent by the fact that even those former MSZMP [Hungarian Socialist Workers Party] members who sincerely want to accomplish something new and sincerely would like to improve, have apparently proven absolutely unable to do that. (...)

[Juszt] A meeting took place in 1986 in your home where Lajos Fur, Sandor Lezsak, and Gy. Csaba Kiss were also



present, but Csoori and Csurka were not. Thus, it was already apparent that you and they could never represent the same platform. At that time the opposition still seemed unified, but the writers were not.

[Eorsi] This was not the reason. Earlier we worked together: the memorial volume on Bibó was jointly edited by both wings of the opposition. There were many instances, e.g., the Monor meeting, where we were together. The reason for that simply was that it was preceded by the Writers Association's general meeting, and Csoori and Csurka thought that they had already had too many collisions with the power establishment and did not want to provoke it one more time by coming to my home. Simply, this was the reason. They sent their friends. This is how they wanted to show that they were with us in spirit.

[Havas] There were elections in 1947, and the same national, Christian, and conservative course won that has won now. Why is it so surprising to you that this 40-some-year-long detour is now continuing the same way as it was interrupted at that time?

[Eorsi] In 1856, Heine wrote an article on his deathbed about the horrors should the communists seize power: They would make paper bags from the Book of Songs for selling tobacco and candy. But, says Heine, they would at least finish off these Germanic Christian beasts. This is what Heine says, not me, Heine says it. I also had the kind of illusion that after those 40 years, after Rakosi's glorious rule, people would simply be subject to different intellectual influences, would have to observe different codes of etiquette, and would somehow become civilized—and not only because of this regime.

[Havas] Do you not think that our nation chose the direction of an easier breakout? There were two fundamentally different suppressed emotions. One was the patriotic emotion, and the other—which apparently is the more attractive one for you—was the change to liberal principles based on human rights. Is it possible that our roots and traditions put more weight on the national-populist course?

[Eorsi] One is inclined, in retrospect, to dress up facts with the gleaming wreath of necessity. Since they indeed won the elections, one can say that that was inevitable. And perhaps it was. Obviously, they won the elections. Thus, they had the opportunity to show what they can do.

[Havas] "Even the worst SZDSZ is an alternative to the MDF."

[Eorsi] This is not exactly the way I said it. I was asked after an article of mine was published—in which I strongly criticized the SZDSZ, whose line I often disagree with—why I do not then leave? I said then that the immeasurable paltriness of our opponents makes that impossible for me.

[Havas] A petition was circulated in defense of the *Uj Holgyfutar* [New Lady Messenger]. You were up in arms that you were not asked to sign it.

[Eorsi] Their idea was that people of Jewish origin should not sign it, or only a few of them should sign it, otherwise the prestige of the whole petition would suffer. I think that everyone should arrange for himself where he belongs. Once I said to Sandor Csoori that I usually think of my Jewish origin only when they want to gas me. Otherwise I do not think of it. I do not have any such attachments. For instance, I find Israel's policy toward Palestine absolutely disgusting. I think it is an absurdity that Israel is the only state where, similar to the Nuremberg laws, the marriage of a Jew to a non-Jew is not recognized. I am absolutely unbiased in this respect and, thus, in questions of human rights, I expect people to look not at who my grandfather or grandmother was but at what kind of a man I am and whether I support this or that. How on earth can one speak of democracy when citizens are screened according to their origin in issues of fundamental human rights?

[Juszt] One has the impression that you want to emphasize what you have to say with vehemence, thus inviting attack. There is, for instance, the expression "mob," you said "crowd with a mob mentality."

[Havas] And you said so nicely, "Citizen Woytila arrived in Poland." But bringing condom and the pope together in a poem....

[Eorsi] Both are human things. The condom and the pope. Why should I not bring them together? There are those types, personalities, who are needed, who force people precisely to become angry and reevaluate their views through their anger. For I could have said this more nicely. I would not have had to say "mob." Instead, I could have said, "people who are influenced by the kind of emotions that spur them to mob actions...."

[Juszt] True indeed. You could have said it that way. But, then, it would have been less effective. This way you are the one to put a price tag on yourself or to place yourself in a position, for which you may be sorry later.

[Eorsi] No. You are the ones who are sorry. I am not sorry. I am not sorry at all. I do this absolutely on purpose.

[Juszt] I beg your pardon, I am not bothered a bit about which category they put you in....

[Eorsi] Of course you are. Mr. Havas keeps repeating that he is dispirited. I am really bothered by that. I do not want Mr. Havas to be dispirited. I am not doing this to dispirit the two of you. I am of the opinion that certain things must be said even if this is not customary. (...)

[Havas] Bring us a little cheer, for we still have the Attila József Prize you received for your poem written to Rakosi to talk about anyway. Could we hear a stanza of it?

[Eorsi] Let me ask you something: If it were Sandor Csoori sitting here, or Ferenc Juhasz, would you ask them that....

[Havas] We are expected to ask such questions.

[Eorsi] You would not ask.

[Havas] Why not?

[Eorsi] Because it is not proper to ask unless that person talks of it himself. With the passage of time, a myth has developed that such poems are only written by urban kids. This is not true. An extremely wide strata of Hungarian society felt that 1945 was a liberation. These poems were written by poets coming from peasant and worker families, only no one talks about them now. Prominent poets even wrote poems in which they demanded death for Laszlo Rajk. I was saved from these things by my good fortune. I wrote a poem about Rakosi, in 1952. I did indeed receive an Attila Jozsef Prize for it, which will be counted in my pension. It is a long epic poem: Rakosi among POWs. I quote, "Lead me, my father / and our country resounds and echoes / as those woods then / which could hear his voice." Ladies and gentlemen! I have never written such bad rhymes since then. The problem is not that one writes such a poem—though that is a rather big problem indeed. The problem is when one is unable to write it. In retrospect, I think, no matter how funny this may sound, I would be very sorry if I had not write this poem. Then I would not have been imprisoned for trying to rectify it. Had I not been imprisoned, I would not have become a poet. For such a chain of events to take place in one's life, much internal effort is needed.

[Havas] We would like to hear a couple of lines, something recent.

[Eorsi] I have an earlier poem, it is not recent. It is entitled "Mutual Support." "I go to your funeral / You come to my funeral."

[Havas] Is that all?

[Eorsi] That is all!

**Research, Development Programs Assessed**  
92CH0765A Budapest FIGYELO in Hungarian  
25 Jun 92 p 23

[Article by Erzsebet Eller: "R&D Programs; Hungary and Europe"]

[Text] *It was for the second time that French physicist Jacques Ducing, deputy secretary-general responsible for NATO's nonmilitary scientific research, visited Hungary a few days ago. What is the role of this visit in integrating the achievements of Hungary's research and development into international achievements?*

When and how has Hungary established relations with international research and development organizations?

In reply to our question, Lajos Nyiri, the National Technical Development Committee's [OMFB] deputy chairman responsible for international relations, said that, of course, the way was opened by the changes in East and Central Europe, beginning with our bilateral relations. For joint research in space, communications technology, or semiconductor technology could not even be considered earlier, but last year as well as this year these were put on the agenda of bilateral relations one by one (see boxed article). The first important action began with the European Space Agency, whereby in April 1991 the ESA signed an agreement of cooperation with Hungary. (We did not become a member state.) In order to implement the agreement, our own space agency was established in February through a government resolution. Dozens of Hungarian research institutes have already done significant space research, e.g., the Joliot Curie Association, the KFKI [Central Research Institute of Physics], Budapest Technical University, and Miskolc University. The Hungarian device known as the "butterfly" is used on Soviet and American rockets, and the robot that targeted comet Halley's core and Miskolc University's space oven aroused great international interest. Incidentally, Hungarian researchers and firms participated even earlier in international research but they did not represent Hungary. For this reason, the most important task arising out of cooperation is to build adequate channels of communication with international organizations and institutions so that we can join operating programs in time and that we can send our achievements. This is the way in which Hungary can, among other things, participate in the space agency's grant programs.

Or this is the way in which we can participate in the Cost projects. Cost decided in late 1990 to open its doors to East and Central Europe, and Hungary became a member at a November 1991 Vienna conference. At present, Hungarian institutions (SOTE's [Sемmelweis Medical University] Central Isotope Diagnostic Laboratory, Budapest Plant Health and Soil Protection Station, and the MTA's [Hungarian Academy of Sciences] KFKI) are part of three projects, and six or eight others are in a preparatory phase which is expected to result in other invitations. Several Hungarian experts are members of Cost's telecommunications committee, e.g., Hungarian Telecommunications Company can not only obtain first-hand information on expected standardizations but can also influence them through observations.

The OECD study on Hungarian research and development will be published this fall in book form. The idea of publishing such a study of a country was first raised at the February 1991 Vienna-Pozsony conference where East-West cooperation in research and development was put on the OECD's agenda. This document of about 100 pages serves as a reference for all future cooperation, and it was not written at all for the purpose of complimenting us. Among other things, the document calls attention to the vaguely defined spheres of authority within our government system as related to research and development, covering the relations between the MTA, the

scientific policy committee, and the other supervisory organizations. It strongly criticizes the OMFB's bidding system, recommending that the quality of experts should be made more clear-cut and improved. Unlike other international organizations, the OECD does not finance projects, dealing only with R&D policies. Our participation is extremely important from the aspect of determining the kind of development to be supported and, moreover, we must adopt the OECD's statistical methods—as related, of course, to research and development. Lajos Nyiri said that our primary 1991 indices are being prepared accordingly.

Manfred Worner was also a member of the delegation during the November 1990 visit in Hungary of NATO's secretary general; he had talks with OMFB Minister Erno Pungor. It was in July 1991 when deputy secretary-general Jacques Ducuing first came to Hungary, after obtaining information in a political sense; he arrived for the second time a few days ago. NATO uses its nonmilitary R&D budget for offering about 1,300 grants annually for postgraduate training and joint research. It supports research teams, laboratories, and participation in specific individual projects in several member states. Thus, NATO offers Hungarian researchers not financial help but opportunities for cooperation.

Another important recent event is that Hungary became a member of Eureka on 22 May 1992, before any other East European country. But why Hungary? Of course, the question is the same in the case of COST, i.e., in the case of all the other above-mentioned institutions. The heads of the above-mentioned institutions recognized, above all, the quality of Hungarian scientific and technical research and development. It is a very important fact from the aspect of our membership that Hungary is no longer under COST ban and that, according to our foreign partners, Hungarian legal practice, in the area of protecting intellectual property, is on par with international norms.

[Box, p 23]

#### Relations

To date, Hungary has signed government-level scientific and technical agreements with 15 developed industrial countries. These are: Austria, the United States, Finland, France, Greece, India, Israel, Japan, South Korea, Great Britain, Germany, Italy, Portugal, Spain, and Turkey. The practical implementation of the agreements is regulated by intergovernmental two- or three-year working plans. (We annually renew our agreement with Germany, and our agreement with the United States calls for selecting the projects through semiannual biddings. Bilateral relations make it possible for us to send about 300-350 Hungarian researchers abroad and host as many foreign experts annually.)

It was also last year when we joined the EMBO (European Molecular Biology Organization), with the Hungarian Academy of Sciences keeping contact with them.

[Box, p 23]

#### Who and Where?

It is mainly the National Technical Development Committee from which companies or research centers can get the programs of the international organizations they are interested in. Those which have a terminal can also call up a few projects on the so-called I2F data transfer network. The OMFB wants to forward regular publications to interested parties. Information on space programs may be obtained from the Space Research Office, located at OMFB headquarters; information on the EC, NATO, and the OECD can be obtained from OMFB department chief Bela Muranyi, and information on the COST and Eureka can be obtained from Laszlo Abel. Laszlo Abel is head of the CERN office. The head of the International Project Office, which coordinates bilateral relations, is Maria Hinsenkamp Feher.

### **Future Military Doctrine, Staff Development**

92EP0547A Warsaw POLSKA ZBROJNA in Polish  
30 Jun 92 pp 1-2

[Unattributed interview with Minister of State Jerzy Milewski, chief of the National Security Office of the president of the Polish Republic; date and place not given: "Defense Concerns the Entire Population"]

[Text] [POLSKA ZBROJNA] This is the first time that exercises involving representatives of the state administration were organized on such a scale. How do you evaluate the readiness of these offices for defense issues?

[Milewski] Military exercises involving representatives of the state administration were also conducted in past years, and were still organized by the National Defense Committee Secretariat, that is, before the creation of the National Security Office. Currently, Poland's return to sovereignty, its acceptance of new defense foundations, the political changes brought about and the resulting changes that affect the powers and organizational structure of state organs, the creation of territorial independence, and progressive privatization dictate the need for basic changes in the functioning of the state's defense system. In connection with this, the National Security Office's Defense System Department, together with the General Staff of the Polish Armed Forces, last year worked out a new concept of defense training, which establishes, among other things, the inclusion in military exercises of paramilitary groups of certain operational ministries and voivodships.

These military exercises are the first to be conducted on such a scale under the new conditions, with representatives of the administration participating. Exercises of this type were already carried out this year on a smaller scale in the Warsaw and Pomorski military districts.

The basic goal of these exercises was to elaborate new forms and methods of cooperation of specified military commands and staffs with suitable elements and forces of the paramilitary system, during joint realization of operational defense tasks on Polish territory, and opinions for the use of these forces for comprehensive protection of the armed forces, which are operating under different conditions than in the past. I think the training goals established in the exercises were fully attained. This was a new undertaking for the nonmilitary side. However, the lack of experience was made up for by real interest and enthusiasm.

[POLSKA ZBROJNA] What conclusions are emerging from the current exercises for elaboration of the new military doctrine?

[Milewski] The command and staff exercises carried out with the paramilitary system indicated that the progressive organizational and structural changes both in the nation and armed forces are outstripping legal system solutions. A law, recently enacted by the Sejm, for

universal defense obligation requires subsequent amendments, especially in the area of obligations for defense of new economic and administrative subjects.

The foundations of a new defense doctrine should be elaborated in parallel with legislation regulating the principles of the state's defense system and the powers of the chief, central, and regional organs of authority and state administration, and of territorial autonomy and economic subjects. Such a procedure will make it possible to elaborate a new doctrine and simultaneously put it into practical use.

[POLSKA ZBROJNA] The staffs, primarily, are operating in the field. Due to the lack of funds, divisions and subdivisions are very rarely used for practical work. Do you, Mr. Minister of State of the National Security Office, think that changes are possible in this area under the current conditions?

[Milewski] Well-trained commanders and staffs determine, to a significant degree, the combat capability of the armed forces. With good commanders and staffs, it is possible, in a short time, to achieve teamwork and high efficiency of subdivisions, divisions, and tactical unions for operation in accordance with their battle designation. In cases where funds are lacking, the main effort in training should be focused on the education of the individual soldier and the teamwork of the squadron and platoon, and, as far as the training of the cadres, on the education of commanders and teamwork of staffs. Under present training conditions, we should use and take advantage of the optimum organizational and methodical solutions, depending on the barracks and garrison base of the exercise grounds, and this can only be achieved when professional cadres are very well prepared in a meritorious and methodical respect. It is obvious, however, that such a state, in which budget restraints severely restrict combat training of troops, cannot last too long if Poland generally wants to have armed forces capable of defending the country.

[POLSKA ZBROJNA] There has been tremendous turmoil about military issues lately. This has been expressed by politicians and high dignitaries. However, cadre are of the opinion that this is only a political game with the military. Do you believe in the apolitical nature of the military?

[Milewski] I believe that the Polish military knows its place in the order, serves the nation, and upholds the oath to it. From it is derived, and for it is sacrificed what is much more valuable, because this is a social group for which "Honor and Fatherland" is not a slogan, but a way of life.

Politicians strive to obtain influence and to subordinate the military to themselves, with the maxim in mind that he who controls the army has power. But those politicians, who, not appreciating the moral strength and patriotism of the military, sow confusion and turmoil around it, are considered by the vast majority of the cadre and soldiers to be schemers, who advance their



own interests above the good of the state. Knowing commanders and soldiers, I trust that no intrigue will entangle the military in the orbit of direct politics. The army will always remain loyal to the president—chief of the Armed Forces, who expects from it the guarantee of stability.

[POLSKA ZBROJNA] The military is effective and fulfills its assigned obligations well. Material conditions dictate that exercises similar to the present ones occur very seldom. Associated with this are threats to the education of soldiers and defense of the nation.

What solution do you see for the army in the present economic situation?

[Milewski] In the present economic situation, which restricts the frequency, scope, and momentum of the exercises, we must seek complex, less expensive organizational and educational solutions for the nation's defense system. Therefore, all of this year's exercises at military district and tactical union levels were planned and carried out for the purpose of building cooperation of the military and nonmilitary elements of the nation's defense system in the area of defense responsibility of the exercising operational and tactical unions. This form of joint exercises is accepted both by military commanders and by administrative workers who participate in the training. From these exercises we draw conclusions that will be considered in further training of the armed forces, and in the execution of defense tasks by certain elements of the paramilitary system.

[POLSKA ZBROJNA] What impression did you get when you observed the training of soldiers and representatives of the state administration in these exercises?

[Milewski] I am full of appreciation for the effort of the soldiers of all the various forces and services taking part in this exercise, who, in spite of sleepless nights and pouring sweat (literally, the sweltering heat exceeded 30 degrees Celsius) showed fortitude and endurance in the completion of tasks.

The exercise conducted was very dynamic. The exercising commanders and staffs, and the operational groups of ministries and voivodships were required, at short notice, to make a decision and act on it. I think distinct progress was made in the cooperation of the individual organizational cells of the exercising military staffs and elements of the paramilitary system. It is also very important that the atmosphere among the uniformed and civilian participants of the exercise was truly perfect, to see that the nation's security was in the heart of everyone here.

#### Substandard Quality of Draftees Discussed

92EP0579A Warsaw POLSKA ZBROJNA in Polish  
15 Jul 92 pp 1-2

[Article by Roman Przeciszewski: "Embarrassing Side of the Draft"]

[Text] Zbigniew K. had a wild past. He himself admits that he used to be a hooligan. He knows karate and—as he puts it—"he'd get tough with those who were insubordinate." However, he has been converted and now he writes: "I'm a born-again Christian, a member of the Evangelical Pentecostal church, and the military service is contrary to the principles of my Christian faith...."

"Poland has changed and the army has changed but when the time of the draft comes, the same spectacle begins anew. Almost everybody tries to weasel out of the obligatory and 'venerable' service," says Lt. Col. Kazimierz Wojcik, the military recruiting commandant in Katowice.

Under the Reds, they pretended that the problem did not exist, whereas now it is becoming more and more apparent. Some ask to perform alternative military service. Others only reluctantly agree to do "the army gig." Only a minority—no more than 10-15 percent—realize that the military service is necessary, and therefore they apply to the commandos or to army units where they could learn some professional skills. In the Katowice WKU [Military Recruiting Station], which is one of the biggest in the country, this problem can be seen every year. On the average, 2,500 draftees show up and...

#### The Trick Is To Have a Fresh Idea

It is known that each WKU has its own mobilization plans, but the fact that it is not always easy to fulfil them is less known. Lt. Col. Wisnik agrees with a statement that, while the army has progressed technologically, the recruiting stations draw mostly graduates of primary and vocational schools. Some people say bluntly that only "the scrap from the bottom of the barrel" or those who are unable to weasel out, are drafted into the army. They are right, given the fact that, by the time someone graduates from high school, he already knows how to wheel and deal. If he is crossed off the student list, he would enter a junior college. If they throw him out of there, he would pull some strings and bring the registrar's certificate to prove that he is starting his program anew. Next in line are those who apply for substitute military service. Until recently, all their requests have had a carbon copy style (the rumor has it that they were fathered by the same attorney), whereas now the trick is to have a fresh idea.

More and more draftees, just as Zbigniew K., choose "Christianity" as an excuse. Mariusz K. writes directly: "I oppose military service because its sole purpose is to train how to kill people. My faith and one of the Ten Commandments clearly tell me to love my enemies, which was also strongly emphasized by Jesus Christ." Miroslaw B., a Catholic as well, adds: "The state, as an organization with the means of coercion at its disposal, cannot violate the moral-ethical principles of any particular member of the society."

Next in line behind the "Christians" stand "pacifists." Jacek U. makes a short point: "I neither want to pound others nor be pounded by others." Andrzej N. thinks in

similar terms: "I'm against violence and the teaching how to kill." Adam K. goes even further: "As a result of my pacifist convictions, I'm a vegetarian. I haven't eaten meat in several years because I consider the killing of animals to be a crime. For that reason I can't serve in the army."

One can also use the law (Krzysztof D.: "I would like to perform alternative military service, in accordance with Article 190 of the law on the general duty to defend the Republic of Poland") or invoke subjective difficulties to adapt (Sebastian W.: "Due to my psyche, it would be difficult for me to do the military service in the conditions of the barrack life"). Apart from that, in Silesia, the "wanderer" method is trendy. Piotr D. informs that he is in the process of changing his Polish citizenship to the German one, and emphasizes that "I'm determined to leave for my true fatherland—Germany, and I will try to do that."

Others write nothing and leave. WKU knows that some of them have already acquired a double-citizenship—Polish and German. However, as long as they are eligible for the draft, they are considered "fugitives." On the average, that is the case of 400 draftees! Some are found in the most unusual circumstances. For example, one K., born in 1968, has been searched for in the course of several months. He was kicked out of college but later started his studies anew. Then he disappeared—abroad. He was found near Skoczow. Driving his car, he was returning home from Germany and had an accident. His draft notice contains now a memo—"dead."

### Theory and Practice

"We are held accountable for every draftee who has been called up but does not show up at WKU. Therefore, statistics look the way they do, and are far from being ideal," explains Maj. Krzysztof Stachowicz.

At the recruitment station they explain to me that they would prefer not to draft people "by force," but what is another solution? To be sure, today's draftees repeat the opposition's slogans from the eighties that a voluntary and fully professional military service should be introduced, but there is a long way between words and practice, as life has proved.

And what to do with those who apply for alternative military service? One could often accept their points, or even agree to grant those requests just to avoid the Galuszko type of problems—a draftee jailed recently for his refusal to serve—but it is clear nowadays that a conscript will not be assigned to this kind of service. The reasons are objective—there is no demand for it. Until recently, alternative military service was performed in hospitals, shelters for the homeless, MPGK's [Municipal Enterprises of Communal Economy] and MPK's [Municipal Transit Enterprises], but today it is history. Hospitals and shelters do not have money, MPGK's are

being privatized, while MPK's have enough problems of their own and it is unprofitable for them to additionally hire "servicemen."

Lt. Col. Wisnik have talked even with a military chaplain who had complained that he could not find a cleaning person—would he hire a Catholic who applied for alternative military service? The priest answered that, unfortunately, this would be too expensive for his parish. Another priest was more frank, saying that he knew the draftee L. well and he would prefer not to "hassle" with him.

### Army for the Mediocre Ones

"The law about the alternative military service is dead these days. There are 127,000 unemployed in Katowice, without any job prospects. How can one find it for a conscript? Therefore, to enforce the draft, we have to stand upside down," says Lt. Col. Wisnik.

The recruitment station works for a few weeks and faces the same problems each year. When team members finish reviewing applications for alternative military service, the last word belongs to the doctors. It is assumed beforehand that 30 percent of conscripts will have to undertake examinations by specialists. In turn, at least 75 percent of them will be diagnosed with an inability to adapt to the new conditions of life in the army, due to their psychological and neurotic problems, as well as sicknesses of the circulation system and/or the upper respiratory tract. They will not put on their uniforms....

"However, we have to implement our recruitment plans. We send draftees to military units between the Baltic Sea and the Tatra Mountains. And we send those we have," they say at WKU.

Thus, those who end up drafted are not the best. This is the fact. But what can one do?

### Gasoline Shortage Looms Due to Low Reserves

92EP0551A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 20-21 Jun 92 p 1

[Article by Danuta Walewska: "Will There Be a Gasoline Shortage?"]

[Text] As the Polish Press Agency reported on Friday, "Interruptions may occur in the delivery of gasoline to CPN [Petroleum Products Center] stations. In the first 10 days of June, the sales of motor fuel increased by 50 percent, whereas our reserves are not infinite," as Stefan Olczyk from the CPN Department of Motor Fuel and Planning of Merchandise Sales told a correspondent of the agency on 19 June."

In the evening, the Polish Press Agency retracted this report. However, even earlier, we had approached the CPN itself seeking precise information. As we found out from one source (our interlocutor from the management of the central office asked to remain anonymous), there

are no serious problems with fuel deliveries, and most likely there will not be any for awhile. However, this has to do with so-called yellow gasoline. Repairs at Plock are over; a shutdown for repairs in Gdansk will continue until 25 June. The uneven deliveries which occurred early this week in the south of Poland should come to an end. There may be a shortage of lead-free gasoline (50 percent of which is imported) and "red" gasoline. Even now the CPN subsidizes them. So far, the losses were covered from profits generated through the sale of "yellow" gasoline. It is quite likely that better grades of gasoline may actually be unavailable, given deliveries that are not sufficient to meet demand, and imports curtailed by private importers.

In the opinion of importers, the procedure for granting concessions to purchase gasoline abroad issued by the Ministry of Foreign Economic Cooperation is the main reason for difficulties with motor fuel. So far, 23 enterprises have been granted concessions, of which only Ciech Petrolimpex and the CPN undoubtedly import fuel. As we remember, both enterprises also had to survive the concession purgatory. On occasion, appropriate permits were granted to them literally at the 11th hour. It was close to a miracle that they did not incur \$20,000 in fees for the extended idle time of a tanker. Documents were sent with the conductors of the Polish State Railways. In other cases, an employee made it to customs a second before closing, and subsequently speeded at a breakneck pace to the port, violating the rules of the road. As a rule, they made it on time. However, did it really have to be that way? If only we had had the needed documents all the time, if only we had managed fuel differently, if only we had scheduled purchases and deliveries differently. For now, we have what we have, as we were told at the CPN.

Concessions were also granted to enterprises that were new at the gasoline business and even at any kind of economic operations. As a rule, they did not have money to import fuel. As confirmed by reports from exchanges in the country, they demanded money from final distributors. At present, the same companies are awaiting "better price ratios" and are not importing fuel, whereas the Ciech and the CPN are importing as they used to. This is hardly surprising, because the grantor of concessions himself suggests that taxes should be reduced, for example, the border tax which was imposed when fuels were cheaper.

In the opinion of Adam Glapinski, who made a statement on this topic on 19 June during a press conference of ministers belonging to the Center Accord, journalists are to blame for this, as usual. This time, they are to blame because, his order that cakes be served to journalists at press conferences notwithstanding, they are the ones who blame the Ministry of Foreign Economic Cooperation for the fuel supply situation. They are adamant that the slow and unclear system of concessions for fuel imports has caused shortages that are felt in the market at times. In the opinion of the acting head of the Ministry of Foreign Economic Cooperation, there is no

gasoline because imports are unprofitable. Taxes are too high, and price parameters are not adequate. This is beyond the control of Minister Glapinski, though he did intercede with ministers who are authorized to make appropriate decisions.

Fuel importers eagerly seized upon the slogan of a possible tax reduction. This is hardly surprising because everybody wants to pay less, especially in a situation when this is proposed by the same ministry that grants concessions, and so far has made life difficult. As is known, several types of taxes levied on gasoline result in this product carrying a 150-percent surcharge. In most countries, these very surcharges on fuels, along with alcohol and cigarette margins, are the main source of budgetary revenue. In Poland, the consumption of fuel increased considerably, by 43.3 percent in April compared to January, whereas proceeds in April alone came to 107.1 billion zlotys [Z].

We could not obtain information from the Ministry of Finance on what Jerzy Zdrzalka, who leads the ministry, has to say regarding this. Only Adam Glapinski discreetly mentioned the possible cancellation of taxes at the press conference when the Center Accord presented its economic "testament." Minister Zdrzalka himself had nothing to add, whereas Jerzy Eysymontt, chief of the Central Planning Administration, quickly explained that a fuel shortage does not threaten us. An "extended weekend" made it impossible for us to obtain any additional information.

One thing is certain: The report on the CPN communicated by the Polish Press Agency may result in serious concerns in the market and lines in front of CPN stations that have not been seen for several months now.

### **Greater Openness in Liquid Fuel Sector Sought**

*92EP0561E Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 26 Jun 92 p 1*

[Article by Mariusz Pawlowski and A.S.: "Lamentations and Thoughts"]

[Text] The General Assembly of the Polish Liquid Fuels Chamber, which is conferring in Warsaw in the midst of a long-term crisis on the gasoline market, adopted five resolutions that will initiate—as the presidium stipulated—"discussion on the future of the Polish fuels sector, taking into consideration all its participants, and which will force the authorities to communicate with society through the intermediary of organs of local self-rule." The effect of these changes is supposed to be more objective ministerial decisions.

In a letter to the prime minister, the chamber, as a corporation comprised of 90 percent of the private companies (224 members) active in the fuels market and as a member of the National Chamber of Commerce, demands inclusion in the deliberations of the government commissions that are deciding strategic solutions concerning the restructuring and privatization of the

fuels sector. The "Progress and Business" Foundation and the interdepartmental groups working on restructuring, which were proposed by experts of the EEC, do not—in its opinion—meet the expectations of Polish entrepreneurs. The statute on chambers of commerce, dated May 1989, ensures the right to participate in such deliberations. This is becoming particularly important—which the events of recent days have proven—in the face of the ineffectiveness of MWGzZ [Ministry of Foreign Economic Cooperation] instruments that were created to regulate the trading of fuels. The chamber also demands the immediate suspension of concessions for fuel imports, stating that they contribute to the corruption and disorganization of the market.

In their place, it proposes the regulation of the market through parametric mechanisms in the form of import excise duties that will level the disproportions between the Polish petrochemical industry and the Western petrochemical industry. They would also serve to protect Polish refineries, which was the official reason for introducing the concessions that are being criticized. A system of excise taxes, by discriminating between domestic production and imports, would also fulfill the regulator's task in the field of importing fuels from abroad.

The chamber also demands that the capability be created to accumulate capital for carrying out investment projects and the modernization of the refining industry, and that the tax system be brought into order so that it would not disturb the natural links on the market. A negative example of ministerial measures is the introduction of a one-percent tax on trade that is preferential to monopolies. In the case of private trade, the tax grows to three percent on the road from the importer through the wholesaler to the retailer; whereas, for example, the CPN [Petroleum Products Center] pays just one percent. The bank rate thus established, along with the prices for gasoline, which are set from above, eliminates profit. This has a particular impact on the owners of 2,000 private fuel stations.

During the plenary discussion, members of the Polish Liquid Fuels chamber turned their attention to the urgent need to make domestic gasoline production independent (before the unavoidable expansion of Western concerns). This can come about only through joint ventures between private companies and the state. However, that will require legal regulations ensuring the stability of investment and profitability. Indications were given of the tragic consequences of introducing concessions that make it impossible to sign profitable long-term contracts to import fuels (as of the end of May, only the CPN and the CIECH [Import-Export Center for Chemicals and Chemical Equipment], on the basis of temporary concessions unforeseen in the executive order, had the right to import, during which time the price of petroleum rose from \$196 to \$240 per metric ton). This, in connection with high taxes and the administratively regulated price of gasoline, ruled out the profitability of its imports, and led to the breakdown of

the market. The statement of the Minister of Industry that CPN could supply private distributors with storage facilities was shown to be false at that time.

Mention was also made of the chamber's petition to the State Tribunal. The executive order on concessions was appealed because, in the opinion of lawyers, it violates the statutory principles of conducting economic operations, the customs law, and the principles regulating the participation of foreign capital in Polish investments. The order is also contrary to the Polish-Finnish agreement of 1975 on the abolition of hindrances to commercial exchange between the two countries. Along with the executive order, the actions of officials of the MWGzZ, who did not respond to the chamber's complaints and petitions, were also appealed on the basis of administrative law, as were the very method and procedure of granting concessions and one-time import licenses. Jozef Oleksy, deputy chairman of the Sejm Commission on Foreign Economic Cooperation, who was present at the Assembly, acknowledged the charges, adding that Minister Glapinski did not yet wish to meet with the presidium of the commission and explain the motives behind the department's actions. The removal—by a decision of Minister Glapinski—of the representative of the chamber from the deliberations of the commission that was distributing concessions was also classified as a violation of the laws of self-government.—Mariusz Pawlowski

Has the reduction of the turnover tax on fuel found some sort of reflection in the trade of ethyl gasoline and oil on the commodities market? The opinions of representatives of the "Brent" Commodities Market in Warsaw, the Gdansk Brokerage House, and "Rol-Petrol" Commodities Market in Lodz are the same: it is still far too early for these decisions to have any effect on the markets.

The traders state that it will take weeks for importers, encouraged by the new conditions of transactions, to put fuels from new sources on the market. But it is not at all certain whether the reduction of the tax rate by 20 percent will be sufficient incentive. At the same time, the minimum tax, which remains at the same level in the case of both ethyl and oil imports, has not been reduced, a fact that importers have drawn to the attention of the markets. Consequently, even if someone succeeds in buying fuel abroad under profitable conditions, and even if he could pay less tax than before, in terms of percentage, the actual amount still cannot be less than the sum that, until now, was set from above.

Currently the markets have at their disposal ethyl 98 and oil, and very rarely ethyl 94. There has not been any unleaded gasoline on the market for a long time. For example, on Thursday the Gdansk Brokerage House offered oil at 5,120 zlotys [Z] per kg, ethyl gasoline 94 at 28,850 per kg, and ethyl 98 at 29,850 per kg. On the Lodz Commodity Exchange, ethyl 98 imported from Finland was 29,800 per kg. At the "Brent" Commodities



Exchange imported ethyl 98 cost Z9,750 per kg, and diesel fuel cost Z5,100 per kg.

### Effects of Drought Situation on Crops Estimated

92EP0561A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 2 Jul 92 p 1

[Article by Edmund Szot: "Dry!"]

[Text] Through the whole of June, just 3.4 millimeters of rain fell in Poznańskie voivodship. It is dry in Wrocławskie, Koszalińskie, Słupskie, Gorzowskie, Szczecińskie, Zielonogorskie, Bydgoskie, and a few other voivodships. The effects of the drought have been felt most in the spring crops. Franciszek Blok, the head of the department of plant production in the Ministry of Agriculture, states that in half of the voivodships, the condition of spring crops gets a score of 2.3 to 2.5. This score is on a five point scale in which a "five" signifies a very good state, and a "two" a poor state. Let us remember here that spring crops occupy an area of about 3.6 million hectares (of a total of approximately 8.5 million hectares of crops). Consequently, their yields will influence the total harvest in a fundamental way.

Winter crops, especially wheat, which is sown on the better soil, endure drought better. But the condition of the winter crops, particularly rye, is also below a poor "three," and in a fourth of the voivodships it is in the vicinity of the number "two." In the opinion of F. Blok, the lack of rain affects potatoes less and sugar beets more, although sugar beets can grow until October. If they have not yet withered, there is a hope that, after intensive rainfalls, their root mass will increase rapidly.

It is already too late for rainfall to be of any help to strawberries, currants, gooseberries, and raspberries. The strawberry harvests are coming to an end and they were lower by nearly half than a year ago. Once again, the overly optimistic forecasts were disappointing. The previously announced harvests of cherries, plums, pears, and apples must be corrected downward, though in the case of these fruits the influence of the drought will probably be less. The drought will also reduce the yields and harvests of vegetables.

From the economic point of view, the influence of the drought on the quantities of grain, root crops, and fodder crops that are harvested, as well as its influence on meadows and pastures, will be the most important. As for the quantity of grain harvested, rather divergent opinions prevail. Most commonly there is talk of a drop in yield of 10 to 20 percent. This would mean the reduction of harvests by about 2.8 to 5.5 million metric tons. If this second figure proves accurate, Polish agriculture will stand before troubles of the highest order.

Rain is now as important as gold. Editor Zalewski is trying to cheer up farmers with an announcement of a speedy change in the weather, but for now nothing confirms these announcements. At the Institute of Meteorology and Water Resource Management, where at the

beginning of the month one could always ask for a 30-day forecast, we did not find out anything this time, because the weather forecasting machine had broken down.

### Modification of Restructuring of Farm Debt Noted

92EP0565A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 9 Jul 92 p 1

[Article by Edmund Szot: "Meeting of the Council of the Fund for the Restructuring and Reduction of Farm Debt: Changes in Credit Terms"]

[Text] A second meeting of the FRiOR [Fund for the Restructuring and Reduction of Farm Debt] Council (yet again without the participation of representatives of the Trade Union of Agriculture "Self-Defense") was held on Wednesday, 8 July, in the headquarters of the Ministry of Agriculture and Food Industries. Proposals for amendments in the content of the documents were presented to participants in the council session. They included the now final version of a contract to be signed between the fund and banks on guidelines for the purchase of farm debt, as well as guidelines for the extension of modernization loans.

As Waldemar Zielinski, an aide to the general director of the Ministry of Agriculture informs us, the changes consist of a reduction in the interest rate on modernization credit from 24 to 20 percent, with the simultaneous elimination of the previously envisaged capitalization of nine percent of interest. Therefore, new terms for providing credit for the modernization of farms are considerably more favorable than previous terms.

The reduction of farm debt will also proceed on terms which are very favorable for indebted farmers. Debt purchased by the fund may be paid by farmers over a period of seven years; a grace period may even be granted for one year. In the process, the interest rate on the debt will be as low as five percent, of which four percent (or 80 percent) will be allocated for bank services. Therefore, the fund will not "make money" from taking over farm debt (as it is sometimes accused of doing), rather, it will lose money if inflation is taken into account. As it were, this is one of the reasons why it was set up. The guidelines for the reduction of farm debt may appear unfair to farmers who have paid up the fees due before deadlines required by selling equipment and inventory stock. Perhaps this is why we may hope this will be the last time laggards will receive preferential treatment.

Also discussed during the meeting of the council were guidelines for the nomination and operation of public commissions to review debtors' petitions for restructuring liabilities. These commissions are nominated at the gmina level by parish administrators or mayors, who at the same time perform the functions of commission chairmen, either personally or through authorized individuals. Representatives (one person from each) of the

following belong to public commissions: gmina self-government, trade unions of farmers, and agricultural consulting centers. The chairman may add to the composition of the commission another person with appropriate qualifications. In addition, bank representatives take part in commission proceedings; they make reports on issues which are on the agenda.

At this meeting, no response was found to doubts voiced by some members of the council: Who will belong to commissions in gminas where there are no trade unions of farmers?

The issue of appeals by farmers in the event of unfavorable decisions by the commissions and banks was also discussed. After all, it may so happen, and will certainly happen often, that both the public commission and the bank will not find grounds to include an indebted farm in the process of debt restructuring, whereas the farmer will be convinced that he deserves to have his debt reduced, and that unfavorable opinions by the commission and the bank are mere manifestations of their unwillingness based on other considerations. Therefore, it was established that in such cases, the farmers should approach the bureau of the fund in Warsaw directly.

Contracts on the fund taking over the debt should be signed no later than the end of September of this year. Three regional banks (in Poznan, Warsaw, and Wroclaw) and the Food Industry Bank have embarked on the reduction of the debt of farmers.

### OECD Report on Economic Transformation

92EP0568A Warsaw GAZETA WYBORCZA in Polish  
8 Jul 92 p 15

[Article by Marcin Frybes, Paris: "Has Poland Come to a Standstill?"]

[Text] The Poles have brought hyperinflation under control and eliminated lines in front of shops; the zloty is partially convertible and quite stable. The private sector of the economy is developing well in Poland, but little is happening in the state sector. If we do not begin to restructure and privatize state industry and state banking soon, things may get very bad, maintain the authors of a recently published report by the Organization for Economic Cooperation and Development (OECD) devoted to the economic situation of Poland.

"Poland has achieved unprecedented progress along the path of reforms, and it deserves further support from the West," states the French daily LE FIGARO in commenting on the report. In turn, other French newspapers stress information to the effect that "Poland is the only country in East-Central Europe in which more than half the population is employed in the private sector." However, an attentive perusal of the report prompts considerably less optimistic conclusions.

Reports by the OECD, an organization which unites more than 20 of the world's richest states, are read

attentively both in international business circles and by political decision-makers in the West.

It is hard to say whether the image of Poland that emerges after the perusal of the report is favorable or unfavorable. Poland appears primarily as a country in which, upon halting significant destabilizing processes in the economy, ideas, determination, and courage to carry on the reforms are lacking.

### Achievements and Shortcomings

The authors stress certain accomplishments, especially in the macroeconomic sphere: the elimination of lines, containment of hyperinflation, the convertibility and stable position of the zloty. On the other hand, in virtually no sphere have the Polish reforms been completed.

The development and size of the private sector are now one of the basic advantages of Poland. Unfortunately, state authorities are not taking advantage of this situation in the best possible way: So far, they have not been able to, for example, bring about the ultimate settlement of property issues, neglecting reprivatization, among other things.

Likewise, the process of putting the tax system in order has not been completed, which may have a profound influence on the possible budget deficit.

The moderately liberal guidelines in effect for trade in Poland are being questioned more often. The authors of the report caution that all kinds of exceptional customs preferences, concessions, or systems of privileged contingents may, in effect, bring about more negative consequences than short-term benefits. Actions of this kind are also perceived as the abandonment of the main direction of reforms.

While emphasizing the success of the "relative" control of inflation, the authors of the report state explicitly that "macroeconomic equilibrium is still very unstable." This is partly the result of difficulties encountered by the actions of the authorities to date: Given a poorly developed market, monetary policy naturally had to draw mainly on administrative instruments.

### State Enterprises

The authorities failed to foresee that measures of a macroeconomic nature may bring about degeneration in the operation of state enterprises. The introduction of the tax on above-the-plan growth of wages (PPWW) failed to restrict the growth of wages, because state enterprises are not used to regarding loans (even if at high rates of interest) as a constraint on their operations. As a result, there were no affirmative adaptation efforts on the part of these enterprises.

The excessively slow process of restructuring in state-run industry has brought about the currently critical financial situation of most enterprises. Meanwhile, it is estimated that in 1994, more than half of the industrial

output will still be produced by state enterprises. The authorities should provide, as soon as possible, adequate incentives to force the management of enterprises to make adjustments, and bring about the quickest possible fundamental restructuring of the state sector. This is the main problem.

However, it can hardly be said that an economic recession is underway in Poland at present, especially if this notion is to be interpreted as it is in the West.

### Banks

The Polish banking system is not in a position to impose adequate financial discipline on enterprises. The situation is also exacerbated by a lack of competition among individual banks and the danger of failing to collect about half the debts incurred by state enterprises.

### The Deficit and Privatization

Strict control over the budget deficit is one of the conditions for the success of the reform process. The authors of the report caution: "The magnitude of the deficit projected for this year (65 trillion zlotys—note by GAZETA WYBORCZA) should be treated as the maximum limit, and is not to be exceeded. Any change may bring about the loss of credibility by state authorities in the eyes of economic units and potential foreign investors."

While appreciative of the efforts of the authorities to date, they also propose further restrictions on budgetary expenditures, in particular in the social sphere (outlays for retirement benefits and annuities). They suggest that "general conditions which make it possible to be granted the full amount of retirement benefits should be made stricter." Likewise, the entire social security system for farmers should be changed.

Privatization may sustain the sagging budget of the state. However, mass privatization should begin as soon as possible, even if it were to include a smaller number of enterprises than originally planned.

### Debts

Our economy was able to take a breather and stop working to pay interest, because of the agreement on debt reduction signed in 1991 with the Club of Paris, to which Poland's state creditors belong. However, this situation is not going to last forever, and favorable consequences of debt reduction will be depleted as soon as the beginning of 1994, caution the authors of the report. Unless appropriate structural changes are introduced sooner, the government will soon be forced to take out new loans to relieve the catastrophic financial situation of the state banking sector.

### Privatization of Breweries, Profitability Noted

92EP0551C Warsaw RZECZPOSPOLITA  
(ECONOMY AND LAW supplement) in Polish  
22 Jun 92 p III

[Article by Mariusz Pawlowski: "Three Out of 30 Breweries Have Been Privatized: An Industry Is Being Started Up"]

[Excerpt] Beer, an invention of ancient peoples living between the Tigris and the Euphrates, still enjoys continuous success in, among others, our country, as a business as well.

The first Polish breweries were opened as early as the Middle Ages at monasteries, and later in the houses of citizens. However, the time of modern brewing is counted from the introduction of industrial pasteurization techniques in 1937, which were called "hot racking."

### A Profitable Industry

Thirty breweries operate in Poland. Most of them are located in the southern and southeastern parts of the country. The value of 12 million hectoliters of beer sold in 1991 came to 3,661 billion zlotys [Z], out of which Z2 trillion were transferred to the state treasury in the form of taxes. The remaining Z1,661 billion constituted net profits.

Due to the relatively high profitability of the industry, 14,000 employees of the industry had one of the highest average monthly wages in 1991—Z2 million. Such profitability is now traditional, because profits have been registered from the time when beer was produced in Franciscan and Benedictine monasteries. High profitability is due to the equilibrium of supply and demand in the domestic market and a small reliance on exports (this became extremely important after Eastern markets collapsed).

World indicators which determine the threshold of profitability suggest that only breweries producing more than 500,000 hectoliters of beer annually have a chance to survive. There are only five such enterprises in Poland. Despite the fact that the rest may continue to produce without particular difficulty or subsidies, they cannot even think about investment. Economic analyses of the sector show that investment is needed. According to such analyses, brewery equipment is 60-percent amortized, which causes an increase of 25 percent in the consumption of energy and raw materials compared to world norms. The productivity of labor is likewise one of the lowest in Europe. It is accepted that one person must service the production of 10,000 hectoliters of beer per year. Thus, for example, Zywiec should employ 140 people rather than more than 1,000, which is actually the case.

#### **Privatization Will Help Survival**

It turns out that the quite good condition of the industry is due to the lack of competition rather than being perfect. This sounds paradoxical, given continuously increasing imports from Western Europe. However, in essence, this has to do with the fiscal policy of the state, which effectively increases prices for imported beer through a 30 percent customs duty and a 110 percent border tax, thus eliminating the threat posed by importers. After Polish association with the EEC and the cancellation of barriers, it will quickly turn out that imported beverages are cheaper than domestic (at

present, their prices exceed those for Polish beer only by an insignificant margin). This may mean the beginning of bankruptcy for our enterprises.

Rapid privatization, the procurement of outside capital, and investments to adjust their technology to world standards of production will save the breweries. With this in view, the managers of the Polish economy instituted sectoral privatization in the brewery industry.

At the first stage, three out of 30 operating breweries were privatized: the Okocim Brewery, the brewery in Zywiec, and the Koszalin Brewery. [passage omitted]



**Change in U.S. Policy Toward Bucharest Desired***AU2807083592 Bucharest DIMINEATA in Romanian  
21 Jul 92 p 4*

[Article by Serban Berindei: "Does the United States Stake on Romania?"]

[Excerpts] A number of recent events lead to the conclusion that the Bush administration is about to radically change its attitude toward Bucharest for the better. Let us point out some of the signs. First, the letter sent by the chief of the U.S. administration to Congress requesting that the most-favored-nation status be granted to Romania. [passage omitted]

Second, at the recent CSCE summit meeting in Helsinki, the presidents of the two countries, Messrs. Bush and Iliescu, had a significant meeting, which was considerably different from the protocol meetings not a long time ago, when—while clinking a glass of champagne—the two heads of state exchanged a few amiable words. The meeting between Nastase and Baker in Helsinki was a purely working meeting and, as is obvious, the results are positive.

On 16 July, U.S. Ambassador to Romania John R. Davis, Jr., met in Cluj with that city's mayor, Mr. Gheorghe Funar. The assessment made by the U.S. diplomat about the situation in Cluj is an example of moderation; however, his comment on Mr. Funar—"he is intelligent, hospitable, and charming"—certainly made some people grind their teeth.

All this clearly illustrates a turning point in U.S. policy toward Romania. The Romanian people are not basically anti-American. [passage omitted]

A country is not great because of its vast territory, its military force, and political influence. A country like the United States can be great through the moderation it exercises when making use of these advantages. The Romanians cannot forget that after World War I Transylvania's unification with Romania was sanctioned at the Versailles Peace Conference also because of President Wilson ("the principles of nationalities"). Closer to our times, the historic American-Chinese reconciliation was largely due to Romanian diplomatic efforts, and as far as the Camp David Israeli-Egyptian Peace Treaty is concerned, Bucharest played a discreet but successful role, thus effectively backing the U.S. diplomatic efforts at the highest level. Finally, during the dramatic days and nights of August 1968, President Nixon's resolute warning ("Do not unleash the hounds of war!") was one of the reasons, along with Chinese support, that stopped Brezhnev from repeating the Prague operation in Bucharest. Thus, there are preconditions for fruitful cooperation on all levels between the two countries.

Unfortunately, after December 1989 a number of misunderstandings blocked the natural trend of Romanian-American relations. On the one hand, there are the anti-Romanian propaganda actions in the United States

by the so-called "Romanians" (I do not want to mention any names), while on the other hand the formation in Washington of an anti-Romanian lobby prompted by political, financial, and (why not?) ethnic interests has led to a perceptible cooling-off of bilateral relations. [passage omitted]

We hope that these instances have been overcome and that U.S. diplomacy is aware of Romania's irreversible trend toward democracy. [passage omitted]

**Delays in Signing of Romanian-Hungarian Treaty***92P20361A Bucharest TINERETUL LIBER  
in Romanian 25-26 Jul 92 pp 1, 3*

[Article by Marius Stoian: "Why Is the Romanian-Hungarian Treaty Not Being Signed?"]

[Text] Juxtaposed, the recent statements and positions of important representatives of the Hungarian Government, culminating in the gracious responses of Hungarian Government spokesman Hermann Janos to the Romanian mass media at his recent press conference in Bucharest, as well as the abrupt "about-face" of the Hungarian press—the majority of which has been fluctuating in the domain of foreign policy in step with the Hungarian Ministry of Foreign Affairs—are converging toward the idea of "total openness" in relations with Romania. Is this flexibility real and sincere, or does it hide interests of a tactical nature? A high official of the Antall government with whom I spoke recently expressed the opinion that "it is absurd to believe that Hungary is trying to restrict the positive development of bilateral relations, or that it is using various pretexts to leave open the possibility of changing borders." "Transylvania could be united with Hungary only if Romanians living there wanted it. However, in light of the high percentage of Romanians—a larger majority than in Bessarabia—it is hard to imagine such an option," he told me.

Despite the declarations of good intentions and the initiation of a new way of behaving, the discussions on the principal "work tool" of the diplomats from the two sides are at an undeclared but visible impasse. Centering on Point 4, which explicitly stipulates the inviolability of the present boundaries and the absence of territorial claims, these negotiations seem like heavy pedaling on an exercise bicycle. In flagrant contrast with the "stimulating" statements of the "severe" Hungarian officials, the persons authorized to come to an agreement with the Romanian side on the final form of the treaty are categorically opposed to the paragraph dealing with maintaining the territorial status quo, claiming that the provision is superfluous. These people say that Hungary has signed all the international agreements referring to the integrity of borders, and that they do not understand the stubbornness of the Romanians in not agreeing to the removal of the Point 4 from the treaty. Is it a matter of special concern on the part of the Hungarians not to

create redundancies with the various treaties concluded over the years? Obviously not.

Apparently, we have a paradox. On the one hand, there are the intentions demonstrated by the Hungarians to set a new course and, on the other hand, there is the implicit refusal to sign a treaty containing a clause which is in accordance with international documents, as they themselves acknowledge. As we will see, however, the dichotomy between the stated intention and its implementation provide, rather, the cover of a "state of crisis" experienced by Hungarian diplomacy. Due to the force of circumstances, since diplomatic customs require a certain moratorium on the "leaking of information" on the status of the discussions, it is difficult to get a complete up-to-date report on the situation, because the responses of the people involved consist of generalities. Ioan Donca, minister-counselor and charge d'affaires ad interim of Romania in Budapest, an experienced diplomat who seems to be one of the authors of the new Romanian policy toward Hungary (based on the Titulescu principle of positive offensive), does not seem to be concerned about the temporizing in regard to the treaty by the Hungarian partners, saying that "there is no reason for fear, because delays are natural in a complex process in which ideas are negotiated." "I have not observed that the Hungarians have been stalling and I am not charging them with this"—Ioan Dinca said in the introduction to an interview which I will be transmitting soon.

However, beyond their visible and declarable aspect, the two days of dialogue with the other members of the diplomatic corps accredited to the Hungarian capital have revealed a significant and predictable detail: The measures of "declarative protectionism" that are in effect here actually betray an extraordinary concern for not jeopardizing the treaty in any way. In my opinion, from my vantage point here in Bucharest, the chances of signing the official document which would sanction Romanian-Hungarian cooperation and good-neighborliness, are minimal, at least for the near future. The issue must be put in the equation of the interconditioning of domestic with foreign political factors—a classic concept in diplomatic practice. From the viewpoint of domestic policy, the center-right government of Jozsef Antall has its hands tied, for all practical purposes. He brought it about himself by announcing earlier that the next election campaign would be based on the theme of the reawakening of nationalistic sentiments. From this angle, a signed and sealed acceptance of Point 4 of the treaty can be considered as a newly-added ballast for the governmental ship, which is sailing low because of the wear and tear of governing. If they agree to sign the treaty, this act will have to be counterbalanced by a harsh anti-Romanian campaign intended to minimize it in the eyes of domestic public opinion. For the moment, this is not the case.

In the second place, the Hungarian diaspora, and especially the lobbies in the United States—the most active

in the revisionist sphere—must be taken into consideration. Shattering their illusion of the "recovery" of Transylvania means that they will lose their entire support whose consistency is well-known. At the opposite pole, there are the Western countries that have become more and more reticent in regard to the Hungarians. According to all reports, Western governments are monitoring, with increased attention, the increase in the gap between the image of Budapest that has been created and is already set, and its real image, measured in concrete activity. The refusal to approve the paragraph containing the pledge to respect the current borders with Romania has had a strong response that has also been proven by the reaction of the Western press. In certain political milieus, there is talk about loss of confidence in the event that the entire treaty is not signed. We see here a contradiction between the "sudden openness" on the part of the Hungarians and the negative stamp which continues to be put on Point 4. It masks a period of confusion: Between the hammer of the deterioration of its image in the world, and the anvil of the loss of an important electoral advantage, the government composed of members of the Democratic Forum wavers without knowing in which direction to lean. The Hungarians are trying to push, as much as possible, a new round of negotiations in the hope of finding, in the meantime, a feasible artifice. In any case, a reassembling at the green table seems to be ruled out before 16 August, when the World Congress of Hungarians will be held. And after that, the Romanian elections will be taking place.

#### **Proof of Anti-Romanian Harassment in Bukovina**

*AU0508131392 Bucharest ROMPRES in English  
0750 GMT 5 Aug 92*

[Text] Bucharest ROMPRES, 5/8/1992—A group of journalists from newspaper LIDOVE NOVINY in Prague has recently visited the town of Cernauti, capital city of Northern Bukovina, which had been occupied by the Soviet Army in 1940, newspaper ROMANIA LIBERA informs. In Cernauti historian E. Patras, chairman of the Mihai Eminescu Romanian Cultural Society, gave an interview for the newspaper LIDOVE NOVINY. The aforementioned society functioned as a cultural-political force for the union of the Romanians on the high Prut and the Dniester until March 1944 when it was banned by the Soviet organs. It was set up again in May 1989.

Historian E. Patras stated the following to the Prague newspaper: "The region which—according to the shameful Molotov-Ribbentrop pact—was occupied in 1940, torn away from Romania and annexed to the Ukraine is somehow improperly called Northern Bukovina. In fact, there are three regions: Northern Bessarabia on the right bank of the Dniester, the small region of Herta south-east of Cernauti, and Northern Bukovina proper, between the river Ceremusul Alb, in the West, and the town of Cernauti, in the east. These three regions

make up today the Ukrainian administrative unit Cernauti. It was set up on 2 August 1944 through the resolution of the USSR Supreme Soviet. Its area is 9.1 thousands square kilometers and its population is one million people. Of them 69 percent are Ukrainians, 20 percent are Romanians, 4.5 percent Russians, 1.4 percent Jews, 0.2 percent Polish, 0.1 percent Germans.

The number of the Romanians in that region is continuously decreasing. In 1775 when Bukovina was annexed by Austro-Hungary, 64,000 Romanians were living there, that is 85 percent of the entire population. In 1860 their number had decreased to 44 percent, while today it is only 20 percent. After it had been occupied by the Soviet Army, 13,000 families from Bukovina were deported. They were replaced by emigrants from the Ukraine. Since then our people has been systematically submitted to a process of assimilation.

Nineteen communes with Romanian population have no schools. We have not our own higher learning institute. Only 3.5 percent of the students at the Cernauti State University are Romanians. 600,000 Romanians are living now in the entire Ukraine. They benefit from the bimonthly PLAI ROMANESC, which we put out without any state subsidies. In the 1960's, thousands of Romanian books were taken out from libraries and burned. All our villages are renamed by force. A barbed-wire fence is between us and our relatives in Romania and to visit them means a real administrative martyrdom. The Romanian theatre in Cernauti was closed. The House of the Romanian Culture was changed into the Officers' House.

The cultural associations in Northern Bukovina are politicising and the efforts are increasing for Northern Bukovina's and Bessarabia's reunion with Romania, including the southern and northern counties incorporated in the Ukraine. The most important representative of those efforts is the Christian Democratic People's Front of Moldova.

The Prague newspaper also informs that its group of journalists got in Cernauti data about massacres of civil population—very little known about until now—which the Soviet Army committed in 1941.

#### **New Press Aide Stresses Transylvanian Roots**

92BA1248A Bucharest *TINERETUL LIBER*  
in Romanian 16 Jul 92 pp 1, 8

[Interview with government spokeswoman Virginia Gheorghiu by Liana Simion on 15 July; place not given: "My Biography Is Purely Transylvanian"]

[Text] [Simion] This is a first discussion with Mrs. Virginia Gheorghiu, the new government spokesman as of today, 15 July 1992. Please introduce yourself to our readers and also to us, the press, who know rather little about you.

[Gheorghiu] I was born on 20 January 1965 in Alba Iulia. I finished elementary and intermediary school in Oradea, and high school in Cluj in 1983, the philology-history track. I was admitted to the school of philology and history at the University of Cluj, from which I naturally graduated in 1987. After that I was assigned to the industrial high school of Turda. At the time it was a very good assignment, because it allowed me to commute home every day. My biography is purely Transylvanian. When the December events occurred, I was doing my internship. Shortly afterward, around March 1989, I entered a contest at the radio-television studio of Cluj. It was the first institution that announced such a contest. I worked there until 1990, when I joined the Council for Reform, which at the time was under Mr. Adrian Severin. Initially I was hired to work on political analysis, party dynamics, and substance analysis for the written press. I was accepted as a doctorant in January 1991, working on issues to do with the theory of international relations. Throughout this entire period I was very happy to be working for the Council for Reform, in Mr. Dorel Sandor's political analysis team, because it was something entirely new to all of us there, and because the times were such that we did not have a moment to get tired, bored, or into a rut.

[Simion] I understand that we're dealing with a spokesman who is close to the press....

[Gheorghiu] I know a lot about Romania's newspapers and journalists, but I have never had a face-to-face discussion with them. From a bookworm I willy-nilly became a press fellow. I think it will depend on the journalists whether they will accept my new position. I will have to go through with it, because there is no other alternative.

[Simion] How did you receive your appointment as spokesman?

[Gheorghiu] As a surprise! Like the surprise elicited by anything new. After that, with interest, because many of the things on which we worked at the department for sociopolitical structures, many of those theoretical studies, will now have a chance to acquire flesh and life, so to speak. I also received the news in a very Transylvanian manner. It's a job to be done from here until then, meaning from the office in which we're sitting until after the elections in October 1992. Transylvanians always do what they have to do, conscientiously, if not with pleasure.

[Simion] Have you outlined a plan of attack? How do you wish to approach your new job?

[Gheorghiu] There will not be very great changes. First of all, because what Iolanda Staniloiu has been doing until now worked very well. Her relations with the press were excellent. The press conferences fostered an atmosphere of cooperation and transparency. There is no point in spoiling something good just because it was done by someone else. I will be glad if my routine will be as

efficient and felicitous as Iolanda's. I do not intend to make changes. Perhaps here and there, but not in essential matters.

[Simion] Thank you for your openness, and now, at the beginning of a new road, short as it may be, I hope you will be successful!

[Gheorghiu] I thank you, too!

### **Stolojan Discusses Domestic, Economic Issues**

AU2707104892 Bucharest CURIERUL NATIONAL  
in Romanian 13 Jul 92 p 3

["Exclusive" interview with Prime Minister Theodor Stolojan by Horia Alexandrescu in Bucharest on 6 July: "I Definitely Will Not Run for the Presidency!"]

[Excerpts] [Alexandrescu] Mr. Prime Minister, how often have you been tempted to resign?

[Stolojan] Never! In general, I do not let difficulties defeat me. The only thing that could bring me to a state when I am ready to resign, would be if somebody forced me to do things in which I do not believe. If you start doing something in which you do not believe, then you could not even fight for that thing.

[Alexandrescu] How can you manage your family's budget with the current prices? Do you still have that notebook for recording expenses, which you said you are keeping updated?

[Stolojan] (smiling) I no longer keep that notebook because we have overcome the respective situation. However, I keep an eye on our larger expenses. In any event, my wife is also working not only I, so we can manage. [passage omitted]

[Alexandrescu] If we were to return to October 1991 and it were again proposed that you accept the office of prime minister, what would you do?

[Stolojan] Looking back to that time, I realize that it would have been a mistake not to accept it. The chance of something really ugly happening was very great at that time. Just look at Poland now. They have lost almost a whole year after reestablishing equilibrium. We have not totally reestablished balance. You see, unfortunately this is something that not many economists understand either: Once you have succeeded in reestablishing balances, after the allocation of resources is being carried out through instruments that do not denote bribery and, from an administrative point of view, you can relax a certain rigor that you established and take it easy a little, which is precisely what the Poles were trying to do this year. However, with the madness that cropped up with their government, everything was turned upside down. As far as we are concerned, unfortunately we have not reached that stage; this year we should reestablish our hard currency balance.

[Alexandrescu] What do you think would be a basic difference between the economic policy promoted by the Roman government and the one promoted by your government?

[Stolojan] Maybe the approach is different. I have certain objectives that I have set for myself as a priority and that I follow daily. And I will not give up before I clarify them: Either I continue or, if I cannot achieve them, then I stop. However, I can say that in the case of the reform, on the contrary, we speeded it up and got more thoroughly engaged in it, although it seems as if we slowed down the reform. We have already proceeded to long-term processes such as privatization.... Buy the "Ursus" bonds?! [passage omitted]

[Alexandrescu] What do you think was the biggest mistake that you made in your capacity as minister or as prime minister?

[Stolojan] This is a more difficult question! Certainly, there are certain decisions that have been taken, although.... A decision is not always one hundred percent what you yourself want, because usually there are more people involved in making a decision. For example, one such decision—in whose connection I am continually trying to remember whether I participated or not, because this is also a question!—concerns the privatization of Romanian enterprises. Thus, we started turning them into commercial companies and autonomous corporations before we really knew what we wanted to do with them. And this was a decision where it is difficult to assess whether it was a negative or a positive one! Because this decision also has positive aspects, but it has some negative aspects, too. It is difficult to weigh the respective significance. However, looking back on it, such a decision proved to be premature and was taken at the time when I was minister of finance. Why was it premature? Because in general the enterprises in question should have been placed on commercial bases only when it was precisely known what was going to happen, when one knew that it was really going to be privatized. It was premature to transfer everything by placing it on commercial bases, when it was still not clear what was going to happen. I am not talking about the legal point of view, because from a legal point of view it was clear; but concerning the concrete possibilities of setting up in Romania appropriate relations between the owner—which remained the state—and the management of the enterprise. That is where things went wrong and things no longer functioned. As a result of it, many enterprises believed themselves masters, I mean, the management of the enterprise believed themselves masters, without taking responsibility for what they were doing. Certainly, this was a negative aspect. However, I want to repeat it, this is one of the decisions that might be discussed. It also yielded good results when responsibility was shown. Nevertheless, in general I believe that it was a premature decision.

[Alexandrescu] And should I understand that you assume this responsibility?



[Stolojan] No, I do not assume responsibility! I was only the finance minister. Therefore...

[Alexandrescu] What would you say was the best thing that you have done?

[Stolojan] I believe it was the successful drafting of the program for the reform of the fiscal system in Romania, as early as February 1990, on the basis of documentation about what was happening in the countries around us. In a period when everything was being dismantled, we succeeded in maintaining the functioning of the budgetary system, which, as you know, is financing the entire social sector and other things as well. This gave us great satisfaction, because, indeed, we were able to foresee two to three months earlier what was going on in Romania from an economic point of view, and take the necessary measures.

[Alexandrescu] However, even today one can hear criticism of the fact that no monetary reform was carried out at that time.

[Stolojan] No, no! Nobody could have done monetary reform at that time! First of all it could not have been done so rapidly; a whole system had to be prepared for it. And apart from that, tell me, who of those people who were here in December would have thought of what was going to happen? Nobody prepared the transition in our country. As a matter of fact, what is the difference between us and the other countries, a difference that unfortunately is not properly understood? Romania did not enter a transition period the way other former socialist countries did. Romania saw itself thrown into transition by the social explosion in December, which suddenly clarified things! Do you believe that the idea of making a more illuminated socialism was....but, Romania was thrown into transition through the sudden elimination of anything that was socialist and by the time people realized it, a couple of months had already passed. [passage omitted]

[Alexandrescu] Let us talk about setting a uniform exchange rate, an act supported, accepted, and praised by everybody. At that time, you promised us that we are going to stay within a range of 180-200 lei to the dollar. And here we are, already exceeding 350 lei!

[Stolojan] Well, what happened?! When we set a uniform exchange rate, we knew that we did not have hard currency reserves, that the exports did not work properly, and we knew many things. However we did not have any other solution!

[Alexandrescu] Still, you assured us that it will not rise.

[Stolojan] Yes, but I was relying on something. I was relying on foreign financing, which has not come since February. At that point the whole foreign financing stopped, so what could we do?! We maintained the exchange rate artificially. Had I known that it was only a delay!.... [passage omitted]

[Alexandrescu] A last question refers to the issue of corruption. You have firmly spoken out against it, ever since you took office as prime minister, but later you did not take any measures!

[Stolojan] Of course we did! First of all, we put this issue clearly in front of the political apparatus, the prosecutor's office, the court of justice, and the police. However, what I have understood, but maybe others have not, is that I continue to do all I can to prevent corruption but I do not have spectacular results to show because this corruption is generated by the system. Nowhere in the world has corruption been eliminated and you can see that in Italy, America, and Japan for example the prime minister is accused of corruption! In our case, apart from corruption that can be found everywhere and against which we are fighting with legal means, there is a big corruption generated by the break between the old system and the new one that is being built. We have a duty to fight it, but it is very hard!

[Alexandrescu] And have you really never thought about resigning?

[Stolojan] Never! I told you that I will never let difficulties defeat me?!

[Alexandrescu] Now I believe you and thank you for this interview!

### Prospects for Catholic-Orthodox Relations

92BA1248B Bucharest ROMANIA LIBERA  
in Romanian 27-28 Jun 92 p 5

[Interviews with Nicolae Corneanu, Orthodox bishop of Banat, and Vasile Hossu, Greek-Catholic bishop of Oradea, by Alexandru Todericiu in Vienna in June: "Can the Tension Between Greek-Catholics and Orthodox Be Dispelled?"]

[Text] The 65th symposium of the Pro Oriente Foundation was recently held in Vienna under the title "Future Cooperation Between Greek-Catholics and Orthodox in Romania." A joint communique was drafted on the occasion, in which the participants hailed the "spirit of brotherly understanding" that characterized the discussions—the participants were Dr. Nicolae Corneanu, bishop of Banat and archbishop of Timisoara and Caransebes; Vasile Hossu, Greek-Catholic bishop of Oradea; and for the hosts, Cardinals Hans Hermann Groer and Franciscus Koenig, President Dr. Rudolf Kirchschlaeger, and Alfred Stirnemann, secretary general of the Pro Oriente Foundation. Thanks to the goodwill shown by the representatives of the two Romanian churches, for which we are grateful, our readers now have an opportunity to read the views of those whom Dr. Kirchschlaeger described as "servants of the Church who understand their pastoral mission in line with their tradition and faith," showing "what it means to be a Christian."

**His Holiness Nicolae Corneanu, Orthodox Bishop of Banat**

[Todericiu] What is the cause of the conflict between the two churches?

[Corneanu] I would not want to use the word conflict, despite the tension between our churches, whose history goes back a long time. In 1948 the Greek-Catholic Church was formally dismantled by decree, and all of its property that was not seized by the state was thrown into the arms of the Orthodox Church. After the revolution, the state relegalized the Greek-Catholic Church hastily and without regard for the consequences. If in 1948 the state decreed what was to be done with the property of the Greek-Catholic Church (churches, cathedrals, bishoprics, schools, hospitals), the same thing should have been done in 1990. In other words, they should have abrogated everything that was decided in 1948, including the matters regarding property. The position of the state, however, was that it could not decide on matters regarding the Church, in order to not open the door for abuses. I think that was a sign of fear, ignorance, as well as clumsy "diplomacy." The wise solution would have been not to abandon two churches to fight between themselves. Someone should have realized that a church left without priests and places of worship for 43 years, practically had its hands and feet tied. How could the Greek-Catholic Church "prove" that it had rights over certain places of worship, when it was not even allowed to have believers? For 43 years, anyone who declared himself a Greek-Catholic was arrested and sentenced. Those who drafted the 1990 decree did not know and did not try to find out what the Church represented. They decreed the restitution of the bishoprics, but said nothing about cathedrals and churches. After the Greek-Catholic Church regained its legal status, having been stripped by the communist dictatorship, it tried to reorganize and it demanded the property that was legally its own. Many urban Orthodox communities had trouble complying with the claims of the Greek-Catholics. The urban population increased everywhere, while the number of churches remained the same or dropped. If the Orthodox had given up churches that in the past belonged to the Greek-Catholics, their own faithful would no longer have had a place to carry out their liturgical activities. This is how we came to this tense situation with which both we, the Orthodox, and the Greek-Catholics are unhappy.

[Todericiu] So the tension is caused only by a property dispute?

[Corneanu] The property dispute is the one easier to spot. Behind it, however, is the problem of the coexistence and activities of the two churches. The issue of the Greek-Catholic Church was always one element of the disputed dialogue between the two major churches, the Orthodox and Catholic. Without insinuating anything, even the existence itself of the Greek-Catholic Church could be brought into discussion. At one point, the Greek-Catholic Church was viewed as a kind of bridge

between the Orthodox and the Roman-Catholics. Later it was described as a kind of model of how to achieve unity between the Orthodox and Catholic Churches. We believe that the Greek-Catholic Church now exists as a historical reminiscence. We can no longer go back to the situation of the Romanian territories in 1700. As long as some people wish to be Greek-Catholics, they have the right. So the problems between the two churches are both of substance and form, i.e., property.

[Todericiu] What is the significance of your Vienna meeting with Bishop Hossu?

[Corneanu] We aimed at establishing better, fraternal relations between the two churches, which have been affected by everything regarding the manner and consequences of the relegalization of the Greek-Catholic Church. The Vatican filled all the Greek-Catholic bishop seats, even though there were no priests and flocks to justify the measure. Then came property problems. That is how the tension appeared that we are trying to dispel. We cannot talk of concrete results. Neither I nor the bishop of Oradea had any authorization from our churches. The joint communique signed together with the hosts reflects the issues we discussed and symbolizes the two churches' wish to resolve the disagreements and tension.

[Todericiu] When can we expect a meeting in Bucharest or Blaj?

[Corneanu] I think that such meetings will come whenever it will be thought fit, if possible in Blaj, or in Bucharest. I want and hope that such meetings will take place.

**His Holiness Vasile Hossu, Greek-Catholic Bishop of Oradea**

[Todericiu] What is the cause of the conflict between the two churches?

[Hossu] The conflict is being manipulated and orchestrated by persons interested in creating division between us. Formerly we lived in very good relations. At the time when I was hunted, I was helped by an Orthodox priest, a vicar from the Dragan Valley. He always used to reassure me, saying: "You are under my protection; it is to me they have to come for information; I will take care to defend you." I experienced beautiful moments in the company of Orthodox priests. I harbor no resentment. On the contrary. I admire His Holiness Nicolae Corneanu, who is struggling for us at the risk of being condemned by politicians interested in trivializing and dismantling us. His Holiness endeavored to represent us as people with our own natural rights....

[Todericiu] What is the significance of your Vienna meeting with Bishop Corneanu?

[Hossu] So far the discussions between the two churches failed, because they were not well prepared. They had no agenda, contents, or targets. That is why they were frequently futile. This time the representatives of the Pro

Oriente Foundation, which deals with the relations between Eastern rite churches and is under the aegis of Austrian Cardinals Hans Hermann Groer and Francis Koenig, suggested we meet in Vienna, and we managed to get along. I do not know how the communique we signed will be received. This does not signal a break between myself and my Greek-Catholic brothers, nor between His Holiness Nicolae and the Orthodox Church, but an attempt to present the situation from a personal viewpoint, since neither of us carried any mandate. We are trying to show that a platform can be found from which to advance toward a reconciliation, which to us will give the satisfaction of having been completely rehabilitated. We don't expect all our property to be returned at once, but at least we want to avoid the embarrassment of being seen holding holy services in parks and markets in a country that views itself as a law-governed state, where politicians talk of democracy, and where the president assures us of respect for the law. In Oradea we claimed only the cathedral, so as to be able to have holy services and not be held in ridicule by the world, which thinks that the Romanian people cannot have truly patriotic and religious convictions if they allow their Greek-Catholics conationals to be treated as intruders or enemies.

[Todericiu] When can we expect a meeting in Bucharest or Blaj?

[Hossu] I do not know. It is not up to us.

[Todericiu] Are you optimistic?

[Hossu] I am optimistic. I would say that my optimism was inspired by His Holiness Corneanu, who has courage and enjoys a reputation both in the country and abroad. He is respected for his correctness and consistent principles. I hope that the other Orthodox bishops will join in the dialogue, even the patriarch, whom I consider a man of goodwill. There is a great difference between the Orthodox and the Greek-Catholic Church. We never depended on anyone. We were not subjected to humiliating manipulations. We were forced to go to jail and were subjected to all kinds of provocations. It cost us a lot, but in this way we managed to keep a clear conscience about having fulfilled our obligations as priests and Romanians. This may also serve to encourage the Orthodox clergy, beginning with the bishops, to show greater courage.

**Interview With Slovene Minister of Agriculture**

92BA1257A Ljubljana DELO in Slovene 18 Jul 92 p 21

[Interview with Agriculture Minister Joze Protner by Marjeta Sostaric; place and date not given: "Protection Already, But Not Just Any Kind"]

[Text] *Farmers' dissatisfaction over the purchase price of wheat is growing. A large part of the blame for the dissatisfaction also lies with the uncertainty about what will happen to agriculture in the future. The government has supposedly forgotten about the farmers and about the importance of domestic food production, and opposition political parties' agitators are saying, while inciting dissatisfaction among the farming population.*

[Sostaric] In the present situation, it is probably not really easy for you to be minister of agriculture. Did you expect that it would be that difficult or even more difficult?

[Protner] I must say that I did come to this position with experience as a deputy in the Slovene Assembly. That is, after two years in the Chamber of Opstinas, and also working in several Assembly committees, I really knew what awaited me. That is why I cannot say that what is happening now is unexpected. I am neither surprised nor disappointed.

[Sostaric] At harvest time there were almost always complications in the past as well, but particularly so this year. The purchase price for wheat was set fairly late, and when you published it, it was lower than the farmers expected. Because of the dissatisfaction, there have already been roadblocks, and new ones are being threatened. What will you do?

[Protner] The purchase price really was adopted and published rather late. I was on my first official visit as minister, precisely in Prekmurje. At that time I announced that in just a few days we would publish a protectionist purchase price for wheat. This could also have happened, since we had already spoken about it in the government's committee on the economy. We carefully weighed the arguments for the proposed purchase price and against it. We even talked about it twice at a meeting of the government and twice in the committee on the economy. Consequently, I could not say that the government set the price without having weighed it sufficiently. The arguments that prevailed in the final decision were that we should consistently implement the economic policy measures. And when the minister of trade could not give a very specific answer to a question from individual members of the government about what that price or an even higher one for wheat would mean for the price of bread in the future, and when he could not say that the price of bread would stay the same at this price for wheat or a higher one, it was adopted as it is now. When you say that there are complications every year at this time, I have to say the following: If it depends

on me and this government, then we will set a protectionist price for wheat for next year as early as the fall harvest. That is also fair to the growers.

[Sostaric] You stated that money had been secured for purchasing the wheat?

[Protner] When the purchase price for wheat was adopted, we succeeded in securing the money. To be sure, this was done by my colleague who takes care of the commodity reserves, but we in the Agriculture Ministry also contributed our share in securing the purchase money. Everything has been settled and payment should be made on time.

[Sostaric] In all likelihood the government will discuss the purchase price for wheat once more, because of the demands and pressures from the farmers, if not the threats. The farmers would like to get at least 20 tolar per kilogram of wheat provided, and not 17 or 18, as specified. Will the government give in?

[Protner] I am not convinced that the government will discuss this again—not the price, but certainly the events. After talks with the People's Party, we in the government reexamined our decision once again, and it was stated that this was the final price.

[Sostaric] For your part, yes, but SLS [Slovene People's Party] President Marjan Podobnik stated that they would insist on further negotiations.

[Protner] Fine. Authorization to negotiate and take measures along these lines is clearly the business of the prime minister.

[Sostaric] Doesn't it seem to you that the SLS is also exploiting the situation in order to score preelection points?

[Protner] Undoubtedly. Individual opposition parties are setting themselves up and acting like a farmers' trade union.

[Sostaric] How do you view the situation in our agriculture? Where are we, and what awaits us first of all in this area?

[Protner] We are in the middle of working out a strategy for the development of agriculture. Recently individual political leaders have also been talking a lot about it in general in their public appearances. They are talking about an ecosocialist or liberal-market agriculture tomorrow. The things that are emerging are not emerging... are not emerging behind closed doors. I view this positively. Even the last time that we spoke in the Assembly about purchase prices for agricultural crops, many of the participants in the discussion talked about the strategy for the development of agriculture. I can say that a mood is being created that is necessary for when we come forward with that strategy in the discussion. It is also good because we are adding onto that document with the aid of these discussions. If I am to express a

general view now, I have to say that Slovene agriculture is still in a different position, better than others.

[Sostaric] Than whom?

[Protner] Than all those states that experienced structural changes, just as we did. This applies both to the East European states and to the states on the former joint territory of Yugoslavia. In the past period we have been able to save farmers to some extent. This is indicated by the very ownership structure, since more than 80 percent of the land is in private hands. The ownership composition of this farmland is a big obstacle in development, however. On the other hand, it is also true that we have preserved farmers and that during the past decade or so it is precisely the farmers who have been given particular attention in food production and in the supply of the population. That can be seen today. At this time many modern farms have emerged with a European labor productivity. All these farms are, of course, important in the future development of agriculture.

[Sostaric] The farmers, however, will not admit that they have been well taken care of in the past decade.

[Protner] I have been living in the countryside, among farmers, since I was born. That is why I know that farmers admit this, and admit it very seriously. It is another thing when we start to talk about politics. We have to separate this. The farmers, if you talk to them—I know this from my own experience—admit that the investments in private agriculture have been noticeable. Unfortunately, those who are clearly not admitting this now in the name of politics are also farmers and have also participated in all the benefits. I know such farmers.

[Sostaric] After the adoption of the development strategy, how will agriculture follow the course in practice, since we know that we are living in economically bad times?

[Protner] The strategy cannot look at what the general economic situation is like. From the situation described, we have to prepare a developmental plan, an orientation for further work. Now comes the discussion in which we also have to take into account the state's actual capabilities. It is one thing with respect to investments, and another with respect to protection.

[Sostaric] And protection depends on financial capabilities?

[Protner] Absolutely. In this regard we will use the models of certain European states—models, yes, but levels of protection, no. We do not have that much money. Consequently, a dialogue will be needed concerning this, and I expect one in both the government and the parliament, a dialogue about how not just to preserve the situation in agriculture, however, but rather about how to develop it as well, while taking the objective capabilities into account. In regard to the strategy, a dilemma is already appearing over whether to develop an ecosocial or liberal-market model. These are the two

extreme possibilities that we did not take a position on in the beginning, although we saw them. We consequently said, an ecosocial model with all the elements of a market economy. It clearly cannot be otherwise. Because of its geographic contours in most of the farming area, Slovenia has more difficult growing conditions. This also has to find its place in this strategy. We cannot afford to have a large part of the land not even cultivated. It is clearly necessary to take into account this small ownership composition and the fact that in the future as well Slovene villages will be colonized by people who will also be engaged in other things besides agriculture and finally also leave to work somewhere else. We therefore have to talk about the role of agriculture as a whole, about the need to protect it because of the colonization of the countryside as well.

[Sostaric] The transition to a different means of dealing with agriculture and putting it in different conditions for doing business will be difficult, especially since the first steps toward a market economy among farmers will cause considerable bad blood. They are forgetting that years ago, when the state set all the prices, including the sales prices, they wanted a market, they did not take seriously the warnings from economists, who pointed out the ruthlessness of market laws. Today the farmers are already demanding abnormally high protection for their production, even in comparison with more developed and economically wealthier states. How will the government coordinate these interests?

[Protner] European states are already reducing their protection, and they have also concluded an agreement that in the future this protection for agriculture is to continue to be reduced. This has to do with great pressure from the United States. In the EC states, the protection for agricultural production during the coming years should thus slide from the present 50 or more to 40 percent. In our country we had even higher protection for agriculture in past years than we did in the last two years. Now we have 23 to 24 percent protection of the value of agricultural production. Our goal in the protection of domestic food production is therefore to come closer to the level of protection that the EC will reach upon the reduction. We will need an agricultural fund in which money will be collected from advance payments for imports of agricultural products, and money that the state will allocate to protect domestic production. European states also have such funds.

[Sostaric] We are not a wealthy state, but we want to have the kind of protection that considerably wealthier states than ours have. How, then, can the farmers' desires be satisfied?

[Protner] If we have the right standards and adopt the right measures, this protection will also be possible, although at a somewhat lower level. With better cooperation among individual ministries, with the same resources we could also achieve better results, especially if we adopt measures in time. What is happening now is that we are monitoring and also setting prices only for



milk. This is precisely the abnormal situation that will have to be resolved, since otherwise we will cause even larger surpluses of milk, while on the other hand, where we would like to achieve a greater degree of self-sufficiency, things are getting out of hand.

[Sostaric] The strategy will outline agriculture's path for the long term, but food producers are expecting measures that would help them to get through their difficulties right now. But we have come again to money, of which there is none in the state treasury, or else too little?

[Protner] Short-term measures are undoubtedly also needed. This has to do with the issue of incentives for exporting the market surpluses in our agriculture. These export incentives are not necessary just because of exchange rate differences and the difficulties that other export economies have, but should also contribute to reducing the surpluses that we have. Europe is also doing this. I expect that we will resolve this issue in an appropriate way. I am also convinced that with a change in denomination for the budget, we should also preserve the allocations for agriculture and keep the money for it. Of course, we will have to be very efficient in using the budget money.

[Sostaric] As minister, you have quite certainly found yourself between two millstones. You are the agriculture minister, and a member of another party that is not a farmers' party, i.e., the SLS, which is pressuring you with its own desires and demands.

[Protner] If I may be completely frank, I am actually in a better position than my predecessor. He was a member of this party, which put pressure on him. I at least have the excuse that I cannot act in a partisan manner, and I also do not intend to. The party of which I am a member, i.e., the Liberal Democratic Party, will likewise have to commit itself with respect to the strategy for the development of agriculture. The activity of the People's Party, whose cooperation I counted on and with which we have cooperated successfully in the past, is turning into a sort of trade-union activity. Okay, a dialogue will obviously take place with the farmers' trade unions. I would be very happy to have other parties deal with this problem as well, but not just when it is on the agenda in the Assembly, but also when it is necessary to say something. All parties should perceive agriculture as an important strategic area. If we can expand the discussion about the strategic development of our own agriculture along those lines, we will also cease to talk about a farmers' lobby. Every party will have its own program in this area and will also work within the framework of the program. This is possibly my personal goal, but the Agriculture Ministry's work would also be easier.

[Sostaric] Just now, during the preelection period, one can already observe strong pressures from the farmers' lobby upon the government through the extortion of milk prices; now it is wheat's turn, and potatoes and everything else will follow. Don't these demands for "fair

payment" for farmers seem exaggerated to you, especially now, when actually two-thirds of Slovenes are already living very badly and it is possibly harder for them than for the farmers?

[Protner] We have to be aware that on one hand there is a problem with milk and the method of setting prices, which is legalized by law and on the basis of which the ministry's milk committee works. On the other hand, we have the protectionist price that we are setting for wheat, sugar beets, and rape seeds. This is where matters end. The producers' expectations that certain differences that arise between the prices promised and those achieved in the market would be covered by the budget are not realistic. The producers will have to forget about that. Let us take just the example of currants, for which we were supposed to provide money from the state treasury for a surplus of just 900 tons. Certainly this really did not involve a lot of money, but we simply cannot accept this method. The processing industry actually offered the producers 1.2 marks for a kilogram of currants at first. When it realized what prices were like in the external market, however, it changed its mind. Slovene currants are actually also being exported, but that still does not mean that the ministry or the budget has to cover the difference in price. Even if we wanted to do it, we cannot, because there is no money for that purpose in the budget; and we do not even want to establish such a means of protecting Slovene production.

Our concern will be primarily to prevent the importation of crops at dumping prices from European states. This source is highly subsidized there. We can achieve this through advance payments. In this way we will also suitably resolve the situation on the border with Croatia. It is precisely across that border that all sorts of things are coming to us at dumping prices, even though the goods are not even Croatian. We are thus actually putting the producers and processors in an impossible position.

[Sostaric] Then you do not advocate protection across the board?

[Protner] Not at all. That did not exist in the past either. Prices will be formed freely, just as they are influenced by supply and demand, of course. Where the state becomes involved it will only do so in accordance with rules that follow the guidelines of the economic policy measures that it adopted in order to stabilize the economy.

[Sostaric] Then you do not intend to resign, as Ivan Oman recommended? What do you say about the criticisms from Marjan Podobnik, who is disappointed with you because of the inappropriate purchase price for wheat and who is criticizing you for having promised a different type of cooperation and more sympathy for farmers when you came to your ministerial position?

[Protner] Everything that I promised or that I said I would do still applies. I am doing everything just as I said, and I will not deviate from it by a millimeter. Mr. Oman and Mr. Podobnik can also believe me when I say that the moment that I think that I no longer have any possibility of acting

as I said and as I think, I will leave. My working method is such that I have always reached the goal that I have set for myself. In many cases a great deal of energy and also different methods of activity are needed for this.

[Sostaric] How successful are you in the government in advocating the goals that you have set for yourself? What sort of sympathy does this government have for the interests and desires of farmers?

[Protner] I have the feeling that the mood in the government is burdened in a way by the way in which agricultural problems are depicted. That is why it seems to me that such a trade-union support for agriculture can do more harm than good. Of course, I expected that I would have to repeat certain things, talk about what agriculture means to us, why

we are acting that way, and why it is not sensible in the current economic situation to buy everything abroad, even if it is cheaper, and let things go at home. Some things really need to be repeated, but it is far from a lack of willingness for a reasoned discussion. I also observe a great deal of sympathy for these talks in my personal contacts with colleagues in the government, and with the prime minister himself and Deputy Prime Minister Rigelnik. Of course, along with efforts to preserve the normal development of Slovene agriculture, I also have to be aware that this is happening in a quite specific national economic area, which is the way that it is, and has the possibilities that it does. That is why I even think that on that side as well the situation, as far as agriculture is concerned, is moderately optimistic.

**Islamic Leader on Conflicts, Macedonian Muslims**  
*92BA1117A Skopje NOVA MAKEDONIJA*  
*in Macedonian 6 Jun 92 p 15*

[Interview with Reis-Ul-Ulema Efendi Hadji Jakup Selimoski, leader of the Yugoslav Muslims, by Aleksandr Damovski; place and date not given: "Islamic Phobia?"]

[Text] *We are witnessing the beginning of a resumption of the natural developments of Islamic and Western civilization. Islam and Orthodox Christianity share historical interests in coexistence because their development has been repeatedly intertwined. Because of the ideological burden, along with the old Islamic check system—Skopje, for instance—is virtually divided into something like East Beirut and West Beirut.*

The Yugoslav Muslims do not want a Muslim state, the supreme head of the Islamic religious community in Yugoslavia, Efendi Hadji Jakup Selimoski keeps repeating. Because of the breakdown of the Yugoslav community, he is concerned with the spiritual unity of this geographic area. The Islamic religious community, according to Selimoski, remains a united, open, and good interlocutor.

[Damovski] What was and what remains the role of religion in the development of the nationalism that led to the civil war and, according to some definitions, to a religious war?

[Selimoski] If we considered the specific situation in Yugoslavia, we would see that here religion did not encourage any kind of inflammation of nationalistic passions. On the contrary, to a greater or lesser extent, at critical points, virtually all of the faiths called for peace, tolerance, love, coexistence, and equality among people.... Inequality among people does not come from the way God loves man, but from the development of relations among people. Today, when we are facing such a situation, the duty of religion is to take up the defense of human life, which, unfortunately, at this point, is no longer under its control. Life is a divine blessing, and we are called upon to protect this life. Any religion, confession, or religious organization that takes up the defense of human life is also engaged in a humanistic mission. Any religion or confession that promotes nationalistic divisions and does not take up the defense of the sacredness of life is violating its faith.

[Damovski] Unfortunately, such examples exist in all confessions!

[Selimoski] Following the outbreak of nationalistic passions, some religious factors adopted such programs aimed at creating great powers in their countries. As to the Islamic community in Bosnia-Herzegovina [B-H], the impression that the views of the SDA [Party of Democratic Action] were very close to those of the community was quite wrong. The confusion of political with national organization led to such an erroneous

impression. At the beginning, we even feared interference in our spiritual and political life. However, at least as far as B-H was concerned, the situation developed quite well. The Islamic community chose, inasmuch as it had an opportunity to choose, in favor of division. It cooperated with the overall political forces in B-H, with the exception of the SDA, which did not express a desire for a meeting during that entire period. Unfortunately, relations in B-H were spoiled at a time when territorial claims were openly expressed and when political pressure was applied on some nationalistic political subjects in B-H to promote a policy that did not suit Bosnian interests. War did not come to B-H because the nations in it displayed interethnic conflicts but because of external claims.

**The Religious Factor Against the War**

[Damovski] Does this mean that you exclude the role the religious factor played in developing the transformation that occurred in Yugoslav society?

[Selimoski] Absolutely. The religious factor played no major role in preparing the ground for a military conflict. Such trends appeared here and there, but these were isolated cases. The fact that some political forces tried and are still trying to ascribe religious claims to their sinister objectives is a different matter. These are the same people who are destroying mosques, churches, and cathedrals today in an effort to prove the major role played by the religious factor. Some religious institutions were unprepared to protect themselves from such malicious actions and allowed themselves to be used for such purposes.

[Damovski] Is it your impression that today in Europe, and not only there, there is a tremendous negative energy toward Islam, in general, and a phobia regarding Islam? Why do you think this is? There is talk of Islamic fundamentalism and holy war....

[Selimoski] Yes, there is such a psychological pressure as a result of some historical contacts and the way in which such contacts between Western and Islamic civilization are presented. Today's restoration of this Islamic world in its natural borders and the appearance of independent countries that only yesterday were the colonies of precisely that Western civilization, and the independence acquired by some of the former republics of the Soviet Union...naturally took the Islamic world outside its natural bounds. An element of this opening was the abuse of the concept of Islamic fundamentalism for political objectives, which produced overheated interethnic and interreligious relations without any reason whatsoever. According to the interpretation of politicized orientalisks, fundamentalism neither existed nor could exist within an environment such as ours. We have historically proved that we favor coexistence and that, indeed, there is no reason at all for fundamentalism to spread among us. Nonetheless, I believe that this exaggeration is already behind us, that a natural development between Western and Islamic civilization is beginning to

occur, and that a multireligious and multiethnic community is now beginning to develop. I hope these global trends will shift to our area as well, so that we shall no longer face the threat of an expanded religious quarrel.

### God Himself Does Not Eliminate Differences

[Damovski] There also is a theory according to which the resolution of the global capitalist-communist conflict marked the advent of a new quarrel between Islam and Christianity.

[Selimoski] There is a certain parallel development in the world because the world does not accept uniformity. Looking at natural development, we see that it is bipolar. Such is the organization of the world. This is how it regenerates its own existence and yields results. The same applies to politics. Yet, for some reason, we are taking up a past ideological confrontation and turning it into a religious confrontation that none of us wants, and there are no reasons for such confrontation. Such confrontation is not the same as ideological confrontation because, wherever we may live, our lives are profoundly intertwined.... Islam and Orthodox Christianity are historically interested in coexistence because they, too, are intertwined in a number of areas. The line that separates them is fictitious. That is precisely why there truly are no reasons to look for a conflict here, particularly if we, the religious people, properly interpret the Old and the New Testament and the Koran in the belief that there is only one divine principle, God's love for man, which is the origin of the religious norms. Not even God eliminates differences. This is written in the Koran, as well.

However, in my opinion, another parallel, an economic one, will probably develop. The forthcoming battle will be linked to science and technology, and there will be wars of development rather than interreligious conflicts or fighting.

[Damovski] Let us return to the situation in Macedonia. On the basis of your broad interpretation of Islam, how close is the policy of the Islamic community to that of those political parties that consist mainly of Albanians in the Republic?

[Selimoski] The Islamic community supports these national parties to the extent that the other ethnic parties are supported by the religious beliefs of their own members. Do other faiths and other political parties coincide? In this area, we must look at things on an individual basis and make comparisons. Our definition is entirely based on what I have already said. The Islamic community supports only some of the ideas of the various political parties, which does not mean that it is close to any particular political party. The Islamic community in Macedonia has always favored the development of absolutely equal relations, relations in which all citizens will be treated the same and through which every citizen of Macedonia will feel that he is in his own state, regardless of the ethnic group to which he belongs. This calls for developing the kind of state instruments through

which the state may respond equally to all of the requirements of every citizen. Such an environment can be developed in Macedonia. Whether the PDP [Party for Democratic Prosperity], the NDP [National Democratic Party], the Democratic Union of Turks, the PCER [Party for the Full Emancipation of Romanians], or any other party includes such ideas in its programs is an entirely different matter. We believe that concepts of inequality are unnatural and violate God's teachings. The Islamic community has no reason to declare itself in favor of one political party or another. I considered it impermissible when the government of the Republic of Macedonia twice called on the Islamic community to clarify its views on the subject of the referendum of Albanians in Macedonia. Why? Why is the government abusing a religious community? Why did the government insist on politicizing a religious community?

[Damovski] Do you think that an obstacle to such a necessary interethnic communication is found in the fact that the Muslims, at least in my opinion, are a rather closed ethnic group that continues to insist on avoiding the already weak interethnic understanding you speak of?

[Selimoski] I find it regrettable that we still do not know each other sufficiently after we have lived together for such a long time. Muslims are exceptionally open and communicative people. However, the previous system forced the Muslims in Macedonia to live in a certain area, in enclaves. The initiative of moving the Muslims out of Macedonia at the start of the 1960's was a deliberate political operation. This amounted to a certain demographic shifting that left negative consequences. In the course of demographic changes, relationships are first formed, then develop—relationships that make life easier. Any shifting in such relations leaves painful marks. A certain period of time is needed before painful traces are eliminated and replaced by new kinds of contacts, by new relations. This is a vital problem, which we raise from a political rather than a historical aspect, eventually leading us to a truth that becomes a marker in the development of future relations. As a consequence of the previous system, in the course of this antireligious struggle, the ideological persecution of Islam was quite frequent. That is why we reached a situation in which Skopje, for instance, became divided into two parts, virtually like East Beirut and West Beirut. Let us not forget that the Islamic features that prevailed on the right bank of the Vardar River also indicated the miserable implementation of an urbanization plan that included neither the spirit nor the disposition to promote Islamic values in this area. Today it is hard for a Muslim to live on the right bank of the Vardar River, where not a single mosque may be found. Equal rights is not an idea but something specific; it is something that must be proved in the course of daily life. As a result of such behavior, the Muslims find themselves blocked.

[Damovski] Does this mean that the Muslims live under a threat in Macedonia?

[Selimoski] I would not say that they are threatened. A threat implies a situation in which a person cannot express himself openly.

[Damovski] Shall we describe this as a state of inequality?

[Selimoski] Equality implies a broad range of requirements, most of which are properly met in Macedonia, which, to a certain extent, offers a guarantee for our future. When we look at interethnic relations, it is obvious that there are certain questions that must be settled by law. Clearly, not everyone can be satisfied, and we must be sensible. Yet it is also necessary for others to realize that every person should have a right to express his national feelings through the legal institutions set up by the system. We must not lead the individual to a position in which he must act illegally. This applies to all countries. Only thus can the problems of interethnic relations be settled quickly.

[Box, p 15]

#### On the Muslim Macedonians

In my view, there is no problem. The appearance some 10 years ago of the organization of the Macedonian Muslims in the Republic, through forcible methods, led to a national awareness and created unnatural problems. This developed into a process. The effort to promote some kind of national awareness through an unnatural and, in some cases, even repressive way triggered the opposite reaction. The Macedonian Muslim Slavs will survive. They speak the Macedonian language. However, we must make them free, through a process that would be natural, through the creation of an intelligentsia that, however, is not politicized. Only thus can we develop a true self-awareness that will lead the people wherever they belong. The point is that they themselves must accomplish this and acquire an awareness, and no one should use them politically. In my view, they have already been excessively used and driven hither, thither, and yon. I do not emphasize this point, but they have always been subject to some interests. I would like us to leave them alone to develop their own awareness of things.

#### Republican Party of Macedonia Publishes Program

92BA1166A Skopje NOVA MAKEDONIJA  
in Macedonian 22 Jun 92 p 4

[Program of the Initiative Committee of the Republican Party of Macedonia: "Program Declaration of the Republican Party (Principles and Values)"]

[Text]

#### Preamble

The Republican Party is open to all, and it makes equal opportunities available to all. The goal of this party is to provide equal opportunities to all and not to favor anyone.

Starting from this definition, the Republican Party acts on behalf of complete and equal commitment to everyone in implementing the decisions that affirm the life values of all people and do not threaten anyone's values. This party represents the interests of the humane, free, and active life, to which the members of all races, faiths, and nationalities have a right, irrespective of age or sex. Because of this, the Republican Party is open to all races, every religion, all nationalities and ages. All are welcomed into the ranks of the Republican Party.

The Republican Party particularly promotes the principle of the complete equality of man and woman.

The Republican Party does not accept discrimination on the basis of ethnic affiliation and does not recognize privileges or limitations on the basis of social and economic position.

On the basis of the concept of *res publica*, the Republican Party is a party of free citizens, a party of democracy and freedom, a party of dialogue and not of confrontation, a party of vital perspectives and not of historical mortgages.

The Republican Party carries out all activities at all levels in accordance with these principles.

#### Decalogue of the Basic Principles

Starting from the fact that the Republican Party operates in a multinational, multifaith, multicultural, and multilingual environment such as Macedonia is, historically rooted in these conditions, we believe that the specific features of our history are an advantage and dictate the need for the reestablishment of, and respect for, the basic principles that are the essential components of domestic and international harmony, and that we have included in a decalogue:

1. *Freedom is a basic value that gives meaning to life. Freedom is the basis on which the authentic life of man is built and a civilizing value of all society.*

Starting from the fact that the personal and collective memory of the people in these environments, in different historical, political, and ideological situations, through which it has passed, harbors bitter wounds of exodus and discrimination on the basis of national affiliation, as well as wounds from the attempt to assimilate and disintegrate their national being, and wounds of denial of personal freedoms, the Republican Party believes the commitment to the affirmation and defense of the basic freedoms of man to be primary, and all freedoms that constitute human rights to be a distinctive feature of the most advanced parliamentary democracies of the most developed European countries. The party pleads for



freedom of speech and thought; for freedom of development of national and religious values; for freedom of the press and publishing; for freedom of conscience and creativity; for freedom of movement of people, ideas, and capital; for free political organization; for freedom of trade union organization; and for every other type of free organization.

The Republican Party considers personal freedom to be its primary commitment: "Man is free, he is born free and remains free. The freedom of an individual is limited by the freedom of others."

The Republican Party is committed to constitutional-legal guarantees of all freedoms that are required in order to form a society, a democratic state.

**2. Equality** is a sovereign Republican principle. Starting from this, the Republican Party pleads for complete equality of the citizens before the law, for equality in the creation of the laws, for political, social, and moral equality of the citizens and the nationality groups, for equal opportunities in life and in the realization of the legitimate interests of the individual.

The Republican Party will be engaged in the building of the democratic institutions that make this possible.

**3. Tolerance** is respect for social, national, cultural, and religious differences as well as differences in thinking; tolerance is a characteristic that enables the individual to respect the differences in people, to respect their aspirations and thoughts, and to seek the same respect from others toward oneself.

**4. Justice.** It is clear to us that legality is not a synonym for justice. Therefore, we consider the laws to be an area that is always open to amendments, for improvement, for intervention of society and free subjects. The laws are only a concrete expression of what the people at a specific time believe to be the closest expression of their understanding of justice. The Republican Party advocates legal order but also the principle of primary respect for the principles of justice.

**5. Security.** In the circumstances, the realizations, in the constellation of the forces that expose human life to maximum uncertainty, the Republican Party will consider it to be a fundamental task to give the people relief, peace, a feeling and also a real condition of social, legal, national, and cultural security. Action against despotism, uncertainty, and unexplained moves of legal, political, economic, and other factors is a key to the peace and prosperity of the people of our country, the Republic of Macedonia.

**6. Opportunities.** That which launched many modern countries into the orbit of the leading powers comes down to a simple word: equal opportunities for all and opportunities withheld from no one. Our community for

a long time was a community of privileges. This essentially limited its potential as it handicapped its development. The Republican Party promotes a society of open and unlimited opportunities for all citizens.

**7. Knowledge.** The ignorant, the improvisers, the people without knowledge and education led our native land to the brink of disaster. The Republican Party believes that genuine professionalism, genuine knowledge is the key to democracy, progress, and freedom. Because of this, the Republican Party insists on the values of knowledge, which, in and of themselves, expose tyranny, slavery, submissiveness, and fear, as consequences of the social collapse. As a support through all life, knowledge is an investment for us, for our children, and for our country.

**8. Responsibility.** The Republican Party thinks that responsibility is a condition without which it is not possible to ensure lawfulness, rights, and freedom. Action is free only when the consequences of this action are fully accepted. The country we have in common, Macedonia, will be able to stay on the path of prosperity only when it applies the principle of responsibility.

**9. Benevolence.** The Republican Party considers distrust and doubt to be harmful for society, fatal for the future. The Republican Party promotes an idea of open relations, complete trust, of benevolence toward all public officials and all citizens individually. The desire for the Republic of Macedonia to be a regular, free, peaceful, and stable community, with complete understanding, agreement, and creative initiative, is something the Republican Party considers a privilege of all of its citizens and their genuine and highest goal.

**10. Autonomy of the Individual.** The Republican Party is committed to the development of the individual and autonomy of the citizen, which is of great significance for the stability of the democracy as well as for raising the quality of life of the citizen to a high level.

To all of this, the Republican Party adds its view of the basic obligations of its work, obligations that can be promoted in the platform of the Republican Party:

- The obligation for full employment as a realization of the basic and highest right of life.
- The obligation for systematic monitoring of the work of the organs of the government, reduction of the income tax, stabilization of the economy, reduction of inflation, housing conditions, opening economic, natural, and tourist potential of the Republic of Macedonia and advancing all public services and their efficiency.
- Respecting the family units, ensuring care for the children and young people, their education and health, as well as care for pensioners, the old people who are such valuable and deserving citizens and who have a complete right to peace and security. At the same time, concern for the orphans and homeless must be a social and moral obligation of the Republican Party.
- Intervention in the legal and constitutional order, with continuous concern for the protection of individual

rights, the right to property, private initiative, the rights of the workers, farmers, cultural and national rights, as well as all rights and obligations that legitimize a community as such.

- The obligation for complete implementation of the right to education, which implies the development and contemporary organization of education at all levels, the development of art, science, and philosophy, as well as the problem of the investment in scientific and research projects.
- The obligation to reconstruct the health system as a prerequisite for the functioning of the society in all sectors, the liberation of economic sources for financing urban and rural living conditions in accordance with the needs of man and modern standards, as well as full protection of economic standards and living conditions. Within this framework, it is possible to exert the greatest effort to activate all sources

of creativity, natural resources, and energy potentials of the Republic of Macedonia.

- All of this makes it necessary to permanently and systematically affirm the Republic of Macedonia as a state of harmonious and complex relations of different religions, nationalities, and traditions, but also common values, common interests, and common opportunities to affirm human rights and principles of freedom.

#### Conclusion

The Republican Party is open to collaboration with all parties in the Republic, in Europe, and elsewhere, with all peaceful groups, independent trade unions, and all parties that are committed to parliamentary democracy and harmony between the people and the different countries.

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